



ANNUAL STATEMENT

For the Year Ended December 31, 2012
of the Condition and Affairs of the

Molina Healthcare of Michigan, Inc.

| | | |
|---|---|--|
| NAIC Group Code.....1531, 1531 (Current Period) (Prior Period) | NAIC Company Code..... 52630 | Employer's ID Number..... 38-3341599 |
| Organized under the Laws of Michigan | State of Domicile or Port of Entry Michigan | Country of Domicile USA |
| Licensed as Business Type.....Health Maintenance Organizations | Is HMO Federally Qualified? Yes [] No [X] | |
| Incorporated/Organized..... February 12, 1997 | Commenced Business..... January 1, 1998 | |
| Statutory Home Office | 100 West Big Beaver, Suite 600..... Troy MI 48084-5209 (Street and Number) (City or Town, State and Zip Code) | |
| Main Administrative Office | 100 West Big Beaver, Suite 600..... Troy MI 48084-5209 (Street and Number) (City or Town, State and Zip Code) | (Area Code) (Telephone Number) |
| Mail Address | 100 West Big Beaver, Suite 600..... Troy MI 48084-5209 (Street and Number or P. O. Box) (City or Town, State and Zip Code) | |
| Primary Location of Books and Records | 100 West Big Beaver, Suite 600..... Troy MI 48084-5209 (Street and Number) (City or Town, State and Zip Code) | (Area Code) (Telephone Number) |
| Internet Web Site Address | www.molinahealthcare.com | |
| Statutory Statement Contact | Michele Renee Lundberg (Name) michele.lundberg@molinahealthcare.com (E-Mail Address) | 248-925-1700 (Area Code) (Telephone Number) (Extension) 248-925-1722 (Fax Number) |

OFFICERS

| Name | Title | Name | Title |
|---------------------------|-----------|-----------------------------|--------------|
| 1. Stephen Devon Harris # | President | 2. Stephen Blaney Whiting # | Treasurer/VP |
| 3. Jeffrey Don Barlow | Secretary | 4. | |

OTHER

DIRECTORS OR TRUSTEES

| | | | |
|------------------------|-------------------------|--------------------------|----------------------|
| Stephen Devon Harris # | Matthew Carter Schueren | Maritza Esther Borrajero | Karen Jeppson Warren |
| Linda May Betts | Marissa Ann Morgan | | |

State of..... Michigan
County of.... Oakland

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

| | | |
|---|--|---|
| (Signature) Stephen Devon Harris | (Signature) Stephen Blaney Whiting | (Signature) Jeffrey Don Barlow |
| 1. (Printed Name) President | 2. (Printed Name) Treasurer/VP | 3. (Printed Name) Secretary |
| (Title) | (Title) | (Title) |
| Subscribed and sworn to before me This _____ day of _____ 2013 | a. Is this an original filing? b. If no | Yes [X] No [] 1. State the amendment number 2. Date filed 3. Number of pages attached |

ASSETS

| | Current Year | | | Prior Year |
|---|--------------|--------------------|-----------------------------------|---------------------|
| | 1 | 2 | 3 | 4 |
| | Assets | Nonadmitted Assets | Net Admitted Assets (Cols. 1 - 2) | Net Admitted Assets |
| 1. Bonds (Schedule D)..... | 18,249,760 | | 18,249,760 | 23,620,866 |
| 2. Stocks (Schedule D): | | | | |
| 2.1 Preferred stocks..... | | | 0 | |
| 2.2 Common stocks..... | | | 0 | |
| 3. Mortgage loans on real estate (Schedule B): | | | | |
| 3.1 First liens..... | | | 0 | |
| 3.2 Other than first liens..... | | | 0 | |
| 4. Real estate (Schedule A): | | | | |
| 4.1 Properties occupied by the company (less \$.....0 encumbrances)..... | | | 0 | |
| 4.2 Properties held for the production of income (less \$.....0 encumbrances)..... | | | 0 | |
| 4.3 Properties held for sale (less \$.....0 encumbrances)..... | | | 0 | |
| 5. Cash (\$.....(7,258,585), Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$.....142,423,402, Schedule DA)..... | 135,164,817 | | 135,164,817 | 119,909,810 |
| 6. Contract loans (including \$.....0 premium notes)..... | | | 0 | |
| 7. Derivatives (Schedule DB)..... | | | 0 | |
| 8. Other invested assets (Schedule BA)..... | | | 0 | |
| 9. Receivables for securities..... | | | 0 | |
| 10. Securities lending reinvested collateral assets (Schedule DL)..... | | | 0 | |
| 11. Aggregate write-ins for invested assets..... | 11,544 | 11,544 | 0 | 0 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11)..... | 153,426,120 | 11,544 | 153,414,576 | 143,530,676 |
| 13. Title plants less \$.....0 charged off (for Title insurers only)..... | | | 0 | |
| 14. Investment income due and accrued..... | 734,920 | | 734,920 | 1,129,201 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection..... | 8,937,417 | | 8,937,417 | 6,819,854 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums)..... | | | 0 | |
| 15.3 Accrued retrospective premiums..... | | | 0 | |
| 16. Reinsurance: | | | | |
| 16.1 Amounts recoverable from reinsurers..... | | | 0 | |
| 16.2 Funds held by or deposited with reinsured companies..... | | | 0 | |
| 16.3 Other amounts receivable under reinsurance contracts..... | | | 0 | |
| 17. Amounts receivable relating to uninsured plans..... | 1,767,000 | | 1,767,000 | 2,147,259 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon..... | 2,112,532 | | 2,112,532 | 2,198,825 |
| 18.2 Net deferred tax asset..... | 3,748,229 | 1,371,756 | 2,376,473 | 1,784,859 |
| 19. Guaranty funds receivable or on deposit..... | | | 0 | |
| 20. Electronic data processing equipment and software..... | | | 0 | |
| 21. Furniture and equipment, including health care delivery assets (\$.....0)..... | 193,481 | 193,481 | 0 | |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates..... | | | 0 | |
| 23. Receivables from parent, subsidiaries and affiliates..... | | | 0 | |
| 24. Health care (\$.....10,797) and other amounts receivable..... | 5,478,380 | 4,311,709 | 1,166,671 | 65,710 |
| 25. Aggregate write-ins for other than invested assets..... | 4,128,935 | 207,087 | 3,921,848 | 6,913,972 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)..... | 180,527,014 | 6,095,577 | 174,431,437 | 164,590,356 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | | | 0 | |
| 28. TOTALS (Lines 26 and 27)..... | 180,527,014 | 6,095,577 | 174,431,437 | 164,590,356 |

| DETAILS OF WRITE-INS | | | | |
|--|-----------|---------|-----------|-----------|
| 1101. Deposits - Long Term..... | 11,544 | 11,544 | 0 | |
| 1102. | | | 0 | |
| 1103. | | | 0 | |
| 1198. Summary of remaining write-ins for Line 11 from overflow page..... | 0 | 0 | 0 | 0 |
| 1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)..... | 11,544 | 11,544 | 0 | 0 |
| 2501. Prepaid Expenses/Deposits..... | 207,087 | 207,087 | 0 | |
| 2502. Intangible Assets (Goodwill/Patient Files)..... | 3,921,848 | | 3,921,848 | 6,913,972 |
| 2503. | | | 0 | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 0 | 0 | 0 | 0 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)..... | 4,128,935 | 207,087 | 3,921,848 | 6,913,972 |

LIABILITIES, CAPITAL AND SURPLUS

| | Current Period | | | Prior Year |
|---|----------------|----------------|-------------|-------------|
| | 1 Covered | 2 Uncovered | 3 Total | 4 Total |
| 1. Claims unpaid (less \$.....0 reinsurance ceded)..... | 84,151,880 | | 84,151,880 | 78,461,789 |
| 2. Accrued medical incentive pool and bonus amounts..... | 1,541,198 | | 1,541,198 | 1,514,206 |
| 3. Unpaid claims adjustment expenses..... | 986,237 | | 986,237 | 973,219 |
| 4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act..... | 1,286,000 | | 1,286,000 | 960,487 |
| 5. Aggregate life policy reserves..... | | | 0 | |
| 6. Property/casualty unearned premium reserve..... | | | 0 | |
| 7. Aggregate health claim reserves..... | | | 0 | |
| 8. Premiums received in advance..... | | | 0 | |
| 9. General expenses due or accrued..... | 2,033,568 | | 2,033,568 | 3,135,440 |
| 10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))..... | | | 0 | |
| 10.2 Net deferred tax liability..... | | | 0 | |
| 11. Ceded reinsurance premiums payable..... | | | 0 | |
| 12. Amounts withheld or retained for the account of others..... | | | 0 | |
| 13. Remittances and items not allocated..... | | | 0 | |
| 14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)..... | | | 0 | |
| 15. Amounts due to parent, subsidiaries and affiliates..... | 876,279 | | 876,279 | 449,690 |
| 16. Derivatives..... | | | 0 | |
| 17. Payable for securities..... | | | 0 | |
| 18. Payable for securities lending..... | | | 0 | |
| 19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized and \$.....0 certified reinsurers)..... | | | 0 | |
| 20. Reinsurance in unauthorized and certified (\$.....0) companies..... | | | 0 | |
| 21. Net adjustments in assets and liabilities due to foreign exchange rates..... | | | 0 | |
| 22. Liability for amounts held under uninsured plans..... | 556,000 | | 556,000 | 1,036,772 |
| 23. Aggregate write-ins for other liabilities (including \$.....0 current)..... | 2,459,852 | 0 | 2,459,852 | 220,208 |
| 24. Total liabilities (Lines 1 to 23)..... | 93,891,014 | 0 | 93,891,014 | 86,751,811 |
| 25. Aggregate write-ins for special surplus funds..... | XXX | XXX | 0 | 0 |
| 26. Common capital stock..... | XXX | XXX | 159,000 | 159,000 |
| 27. Preferred capital stock..... | XXX | XXX | | |
| 28. Gross paid in and contributed surplus..... | XXX | XXX | 62,404,971 | 62,404,971 |
| 29. Surplus notes..... | XXX | XXX | | |
| 30. Aggregate write-ins for other than special surplus funds..... | XXX | XXX | 0 | 0 |
| 31. Unassigned funds (surplus)..... | XXX | XXX | 17,976,452 | 15,274,574 |
| 32. Less treasury stock at cost: | | | | |
| 32.1 .....0.000 shares common (value included in Line 26 \$.....0)..... | XXX | XXX | | |
| 32.2 .....0.000 shares preferred (value included in Line 27 \$.....0)..... | XXX | XXX | | |
| 33. Total capital and surplus (Lines 25 to 31 minus Line 32)..... | XXX | XXX | 80,540,423 | 77,838,545 |
| 34. Total liabilities, capital and surplus (Lines 24 and 33)..... | XXX | XXX | 174,431,437 | 164,590,356 |

DETAILS OF WRITE-INS

| | | | | |
|--|-----------|-----|-----------|---------|
| 2301. Premium/Use Taxes Due..... | 2,459,852 | | 2,459,852 | 220,208 |
| 2302. | | | 0 | |
| 2303. | | | 0 | |
| 2398. Summary of remaining write-ins for Line 23 from overflow page..... | 0 | 0 | 0 | 0 |
| 2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)..... | 2,459,852 | 0 | 2,459,852 | 220,208 |
| 2501. | XXX | XXX | | |
| 2502. | XXX | XXX | | |
| 2503. | XXX | XXX | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | XXX | XXX | 0 | 0 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)..... | XXX | XXX | 0 | 0 |
| 3001. | XXX | XXX | | |
| 3002. | XXX | XXX | | |
| 3003. | XXX | XXX | | |
| 3098. Summary of remaining write-ins for Line 30 from overflow page..... | XXX | XXX | 0 | 0 |
| 3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)..... | XXX | XXX | 0 | 0 |

STATEMENT OF REVENUE AND EXPENSES

| | Current Year | | Prior Year |
|---|----------------|-------------|-------------|
| | 1 Uncovered | 2 Total | 3 Total |
| 1. Member months..... | XXX..... | 2,639,337 | 2,660,132 |
| 2. Net premium income (including \$.....0 non-health premium income)..... | XXX..... | 841,177,957 | 844,349,216 |
| 3. Change in unearned premium reserves and reserve for rate credits..... | XXX..... | | |
| 4. Fee-for-service (net of \$.....0 medical expenses)..... | XXX..... | | |
| 5. Risk revenue..... | XXX..... | | |
| 6. Aggregate write-ins for other health care related revenues..... | XXX..... | 0 | 0 |
| 7. Aggregate write-ins for other non-health revenues..... | XXX..... | 0 | 0 |
| 8. Total revenues (Lines 2 to 7)..... | XXX..... | 841,177,957 | 844,349,216 |
| Hospital and Medical: | | | |
| 9. Hospital/medical benefits..... | 45,701 | 517,372,979 | 492,556,420 |
| 10. Other professional services..... | | 16,977,013 | 14,690,870 |
| 11. Outside referrals..... | | 47,149,242 | 47,300,153 |
| 12. Emergency room and out-of-area..... | | 28,980,890 | 28,054,814 |
| 13. Prescription drugs..... | | 115,460,945 | 104,373,536 |
| 14. Aggregate write-ins for other hospital and medical..... | 0 | 0 | 4,307,717 |
| 15. Incentive pool, withhold adjustments and bonus amounts..... | | 4,524,605 | 3,573,177 |
| 16. Subtotal (Lines 9 to 15)..... | 45,701 | 730,465,674 | 694,856,687 |
| Less: | | | |
| 17. Net reinsurance recoveries..... | | | |
| 18. Total hospital and medical (Lines 16 minus 17)..... | 45,701 | 730,465,674 | 694,856,687 |
| 19. Non-health claims (net)..... | | | |
| 20. Claims adjustment expenses, including \$.....19,848,753 cost containment expenses..... | | 22,358,285 | 21,010,572 |
| 21. General administrative expenses..... | | 73,378,611 | 105,381,918 |
| 22. Increase in reserves for life and accident and health contracts including \$.....0 increase in reserves for life only)..... | | 325,513 | |
| 23. Total underwriting deductions (Lines 18 through 22)..... | 45,701 | 826,528,083 | 821,249,177 |
| 24. Net underwriting gain or (loss) (Lines 8 minus 23)..... | XXX..... | 14,649,874 | 23,100,039 |
| 25. Net investment income earned (Exhibit of Net Investment Income, Line 17)..... | | 852,824 | 1,177,864 |
| 26. Net realized capital gains or (losses) less capital gains tax of \$.....0..... | | | 2,079 |
| 27. Net investment gains or (losses) (Lines 25 plus 26)..... | 0 | 852,824 | 1,179,943 |
| 28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]..... | | | |
| 29. Aggregate write-ins for other income or expenses..... | 0 | 0 | 0 |
| 30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)..... | XXX..... | 15,502,698 | 24,279,982 |
| 31. Federal and foreign income taxes incurred..... | XXX..... | 6,127,293 | 9,225,719 |
| 32. Net income (loss) (Lines 30 minus 31)..... | XXX..... | 9,375,405 | 15,054,263 |

| DETAILS OF WRITE-INS | | | |
|--|----------|---|-----------|
| 0601. | XXX..... | | |
| 0602. | XXX..... | | |
| 0603. | XXX..... | | |
| 0698. Summary of remaining write-ins for Line 6 from overflow page..... | XXX..... | 0 | 0 |
| 0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)..... | XXX..... | 0 | 0 |
| 0701. | XXX..... | | |
| 0702. | XXX..... | | |
| 0703. | XXX..... | | |
| 0798. Summary of remaining write-ins for Line 7 from overflow page..... | XXX..... | 0 | 0 |
| 0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)..... | XXX..... | 0 | 0 |
| 1401. Patient Transportation..... | | | 4,307,717 |
| 1402. | | | |
| 1403. | | | |
| 1498. Summary of remaining write-ins for Line 14 from overflow page..... | 0 | 0 | 0 |
| 1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)..... | 0 | 0 | 4,307,717 |
| 2901. | | | |
| 2902. | | | |
| 2903. | | | |
| 2998. Summary of remaining write-ins for Line 29 from overflow page..... | 0 | 0 | 0 |
| 2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)..... | 0 | 0 | 0 |

STATEMENT OF REVENUE AND EXPENSES (Continued)

| CAPITAL AND SURPLUS ACCOUNT | 1 Current Year | 2 Prior Year |
|---|-------------------|-----------------|
| 33. Capital and surplus prior reporting period..... | 77,838,546 | 63,516,543 |
| 34. Net income or (loss) from Line 32..... | 9,375,405 | 15,054,263 |
| 35. Change in valuation basis of aggregate policy and claim reserves..... | | |
| 36. Change in net unrealized capital gains and (losses) less capital gains tax of \$.0..... | | |
| 37. Change in net unrealized foreign exchange capital gain or (loss)..... | | |
| 38. Change in net deferred income tax..... | 1,630,098 | (872,259) |
| 39. Change in nonadmitted assets..... | (3,044,048) | 5,139,999 |
| 40. Change in unauthorized and certified reinsurance..... | | |
| 41. Change in treasury stock..... | | |
| 42. Change in surplus notes..... | | |
| 43. Cumulative effect of changes in accounting principles..... | (259,578) | |
| 44. Capital changes: | | |
| 44.1 Paid in..... | | |
| 44.2 Transferred from surplus (Stock Dividend)..... | | |
| 44.3 Transferred to surplus..... | | |
| 45. Surplus adjustments: | | |
| 45.1 Paid in..... | | (1,851,654) |
| 45.2 Transferred to capital (Stock Dividend)..... | | |
| 45.3 Transferred from capital..... | | |
| 46. Dividends to stockholders..... | (5,000,000) | (3,148,346) |
| 47. Aggregate write-ins for gains or (losses) in surplus..... | 0 | 0 |
| 48. Net change in capital and surplus (Lines 34 to 47)..... | 2,701,877 | 14,322,003 |
| 49. Capital and surplus end of reporting period (Line 33 plus 48)..... | 80,540,423 | 77,838,546 |

DETAILS OF WRITE-INS

| | | |
|--|---|---|
| 4701. | | |
| 4702. | | |
| 4703. | | |
| 4798. Summary of remaining write-ins for Line 47 from overflow page..... | 0 | 0 |
| 4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)..... | 0 | 0 |

CASH FLOW

| | 1 Current Year | 2 Prior Year |
|--|-------------------|-----------------|
| CASH FROM OPERATIONS | | |
| 1. Premiums collected net of reinsurance..... | 839,060,394 | 837,329,458 |
| 2. Net investment income..... | 1,857,611 | 1,475,710 |
| 3. Miscellaneous income..... | | |
| 4. Total (Lines 1 through 3)..... | 840,918,005 | 838,805,168 |
| 5. Benefit and loss related payments..... | 727,118,971 | 697,616,741 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | | |
| 7. Commissions, expenses paid and aggregate write-ins for deductions..... | 94,686,621 | 127,029,106 |
| 8. Dividends paid to policyholders..... | | |
| 9. Federal and foreign income taxes paid (recovered) net of \$.0 tax on capital gains (losses)..... | 6,041,000 | 12,977,001 |
| 10. Total (Lines 5 through 9)..... | 827,846,592 | 837,622,848 |
| 11. Net cash from operations (Line 4 minus Line 10)..... | 13,071,413 | 1,182,320 |
| CASH FROM INVESTMENTS | | |
| 12. Proceeds from investments sold, matured or repaid: | | |
| 12.1 Bonds..... | 14,000,000 | 20,860,000 |
| 12.2 Stocks..... | | |
| 12.3 Mortgage loans..... | | |
| 12.4 Real estate..... | | |
| 12.5 Other invested assets..... | | |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments..... | | 2,080 |
| 12.7 Miscellaneous proceeds..... | | |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7)..... | 14,000,000 | 20,862,080 |
| 13. Cost of investments acquired (long-term only): | | |
| 13.1 Bonds..... | 9,239,400 | 26,841,690 |
| 13.2 Stocks..... | | |
| 13.3 Mortgage loans..... | | |
| 13.4 Real estate..... | | |
| 13.5 Other invested assets..... | | |
| 13.6 Miscellaneous applications..... | | |
| 13.7 Total investments acquired (Lines 13.1 to 13.6)..... | 9,239,400 | 26,841,690 |
| 14. Net increase (decrease) in contract loans and premium notes..... | | |
| 15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14)..... | 4,760,600 | (5,979,610) |
| CASH FROM FINANCING AND MISCELLANEOUS SOURCES | | |
| 16. Cash provided (applied): | | |
| 16.1 Surplus notes, capital notes..... | | |
| 16.2 Capital and paid in surplus, less treasury stock..... | | (1,851,654) |
| 16.3 Borrowed funds..... | | |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities..... | | |
| 16.5 Dividends to stockholders..... | 5,000,000 | 3,148,346 |
| 16.6 Other cash provided (applied)..... | 2,422,994 | 16,613,027 |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)..... | (2,577,006) | 11,613,027 |
| RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS | | |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)..... | 15,255,007 | 6,815,736 |
| 19. Cash, cash equivalents and short-term investments: | | |
| 19.1 Beginning of year..... | 119,909,809 | 113,094,073 |
| 19.2 End of year (Line 18 plus Line 19.1)..... | 135,164,816 | 119,909,809 |
| Note: Supplemental disclosures of cash flow information for non-cash transactions: | | |
| 20.0001 | | |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

| | | 1 | 2 | 3 | 4 |
|------------------|---|--------------------|------------------------|----------------------|--|
| Line of Business | | Direct Business | Reinsurance Assumed | Reinsurance Ceded | Net Premium Income (Cols. 1 + 2 - 3) |
| 1. | Comprehensive (hospital and medical)..... | 1,155,700 | | 1,119 | 1,154,581 |
| 2. | Medicare supplement..... | | | | 0 |
| 3. | Dental only..... | | | | 0 |
| 4. | Vision only..... | | | | 0 |
| 5. | Federal employees health benefits plan..... | | | | 0 |
| 6. | Title XVIII - Medicare..... | 144,781,364 | | 62,505 | 144,718,859 |
| 7. | Title XIX - Medicaid..... | 695,482,783 | | 178,266 | 695,304,517 |
| 8. | Other health..... | | | | 0 |
| 9. | Health subtotal (Lines 1 through 8)..... | 841,419,847 | 0 | 241,890 | 841,177,957 |
| 10. | Life..... | | | | 0 |
| 11. | Property/casualty..... | | | | 0 |
| 12. | Totals (Lines 9 to 11)..... | 841,419,847 | 0 | 241,890 | 841,177,957 |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|-------------|--|------------------------|----------------|----------------|---|----------------------------|--------------------------|-----------------|---------------------|
| | Total | Comprehensive (Hospital and Medical) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefits Plan | Title XVIII Medicare | Title XIX Medicaid | Other Health | Other Non-Health |
| 1. Payments during the year: | | | | | | | | | | |
| 1.1 Direct..... | 722,621,357 | 746,577 | | | | | 114,846,463 | 607,028,317 | | |
| 1.2 Reinsurance assumed..... | 0 | | | | | | | | | |
| 1.3 Reinsurance ceded..... | 0 | | | | | | | | | |
| 1.4 Net..... | 722,621,357 | 746,577 | 0 | 0 | 0 | 0 | 114,846,463 | 607,028,317 | 0 | 0 |
| 2. Paid medical incentive pools and bonuses..... | 4,497,612 | | | | | | 24,214 | 4,473,398 | | |
| 3. Claim liability December 31, current year from Part 2A: | | | | | | | | | | |
| 3.1 Direct..... | 84,151,879 | 100,738 | | | | | 21,091,676 | 62,959,465 | | |
| 3.2 Reinsurance assumed..... | 0 | | | | | | | | | |
| 3.3 Reinsurance ceded..... | 0 | | | | | | | | | |
| 3.4 Net..... | 84,151,879 | 100,738 | 0 | 0 | 0 | 0 | 21,091,676 | 62,959,465 | 0 | 0 |
| 4. Claim reserve December 31, current year from Part 2D: | | | | | | | | | | |
| 4.1 Direct..... | 0 | | | | | | | | | |
| 4.2 Reinsurance assumed..... | 0 | | | | | | | | | |
| 4.3 Reinsurance ceded..... | 0 | | | | | | | | | |
| 4.4 Net..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5. Accrued medical incentive pools and bonuses, current year..... | 1,541,198 | | | | | | 153,252 | 1,387,946 | | |
| 6. Net healthcare receivables (a)..... | 2,370,378 | 5,408 | | | | | 702,669 | 1,662,301 | | |
| 7. Amounts recoverable from reinsurers December 31, current year..... | 0 | | | | | | | | | |
| 8. Claim liability December 31, prior year from Part 2A: | | | | | | | | | | |
| 8.1 Direct..... | 78,461,788 | 119,885 | | | | | 13,622,154 | 64,719,749 | | |
| 8.2 Reinsurance assumed..... | 0 | | | | | | | | | |
| 8.3 Reinsurance ceded..... | 0 | | | | | | | | | |
| 8.4 Net..... | 78,461,788 | 119,885 | 0 | 0 | 0 | 0 | 13,622,154 | 64,719,749 | 0 | 0 |
| 9. Claim reserve December 31, prior year from Part 2D: | | | | | | | | | | |
| 9.1 Direct..... | 0 | | | | | | | | | |
| 9.2 Reinsurance assumed..... | 0 | | | | | | | | | |
| 9.3 Reinsurance ceded..... | 0 | | | | | | | | | |
| 9.4 Net..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. Accrued medical incentive pools and bonuses, prior year..... | 1,514,206 | | | | | | | 1,514,206 | | |
| 11. Amounts recoverable from reinsurers December 31, prior year..... | 0 | | | | | | | | | |
| 12. Incurred benefits: | | | | | | | | | | |
| 12.1 Direct..... | 725,941,070 | 722,022 | 0 | 0 | 0 | 0 | 121,613,316 | 603,605,732 | 0 | 0 |
| 12.2 Reinsurance assumed..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12.3 Reinsurance ceded..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12.4 Net..... | 725,941,070 | 722,022 | 0 | 0 | 0 | 0 | 121,613,316 | 603,605,732 | 0 | 0 |
| 13. Incurred medical incentive pools and bonuses..... | 4,524,604 | 0 | 0 | 0 | 0 | 0 | 177,466 | 4,347,138 | 0 | 0 |

(a) Excludes \$.0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|------------|--|------------------------|----------------|----------------|---|----------------------------|--------------------------|-----------------|---------------------|
| | Total | Comprehensive (Medical and Hospital) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefits Plan | Title XVIII Medicare | Title XIX Medicaid | Other Health | Other Non-Health |
| 1. Reported in process of adjustment: | | | | | | | | | | |
| 1.1 Direct..... | 31,181,315 | 9,777 | | | | | 7,022,638 | 24,148,900 | | |
| 1.2 Reinsurance assumed..... | 0 | | | | | | | | | |
| 1.3 Reinsurance ceded..... | 0 | | | | | | | | | |
| 1.4 Net..... | 31,181,315 | 9,777 | 0 | 0 | 0 | 0 | 7,022,638 | 24,148,900 | 0 | 0 |
| 2. Incurred but unreported: | | | | | | | | | | |
| 2.1 Direct..... | 52,970,564 | 90,961 | | | | | 14,069,038 | 38,810,565 | | |
| 2.2 Reinsurance assumed..... | 0 | | | | | | | | | |
| 2.3 Reinsurance ceded..... | 0 | | | | | | | | | |
| 2.4 Net..... | 52,970,564 | 90,961 | 0 | 0 | 0 | 0 | 14,069,038 | 38,810,565 | 0 | 0 |
| 3. Amounts withheld from paid claims and capitations: | | | | | | | | | | |
| 3.1 Direct..... | 0 | | | | | | | | | |
| 3.2 Reinsurance assumed..... | 0 | | | | | | | | | |
| 3.3 Reinsurance ceded..... | 0 | | | | | | | | | |
| 3.4 Net..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Totals: | | | | | | | | | | |
| 4.1 Direct..... | 84,151,879 | 100,738 | 0 | 0 | 0 | 0 | 21,091,676 | 62,959,465 | 0 | 0 |
| 4.2 Reinsurance assumed..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.3 Reinsurance ceded..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.4 Net..... | 84,151,879 | 100,738 | 0 | 0 | 0 | 0 | 21,091,676 | 62,959,465 | 0 | 0 |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

| Line of Business | Claims Paid During the Year | | Claim Reserve and Claim Liability December 31 of Current Year | | 5 | 6 |
|--|--|---|--|---|--|---|
| | 1 On Claims Incurred Prior to January 1 of Current Year | 2 On Claims Incurred During the Year | 3 On Claims Unpaid December 31 of Prior Year | 4 On Claims Incurred During the Year | Claims Incurred in Prior Years (Columns 1 + 3) | Estimated Claim Reserve and Claim Liability December 31 of Prior Year |
| 1. Comprehensive (hospital and medical)..... | 104,131 | 642,446 | (206) | 100,945 | 103,925 | 119,885 |
| 2. Medicare supplement..... | | | | | .0 | |
| 3. Dental only..... | | | | | .0 | |
| 4. Vision only..... | | | | | .0 | |
| 5. Federal employees health benefits plan..... | | | | | .0 | |
| 6. Title XVIII - Medicare..... | 19,122,946 | 95,723,517 | (19,175) | 21,110,851 | 19,103,771 | 13,622,154 |
| 7. Title XIX - Medicaid..... | 53,547,479 | 553,480,837 | 104,287 | 62,855,178 | 53,651,766 | 64,719,749 |
| 8. Other health..... | | | | | .0 | |
| 9. Health subtotal (Lines 1 to 8)..... | 72,774,556 | 649,846,800 | 84,906 | 84,066,974 | 72,859,462 | 78,461,788 |
| 10. Healthcare receivables (a)..... | | | | 4,322,506 | .0 | 1,952,128 |
| 11. Other non-health..... | | | | | .0 | |
| 12. Medical incentive pools and bonus amounts..... | 1,188,184 | 3,309,428 | | 1,541,198 | 1,188,184 | 1,514,206 |
| 13. Totals (Lines 9 - 10 + 11 + 12)..... | 73,962,740 | 653,156,228 | 84,906 | 81,285,666 | 74,047,646 | 78,023,866 |

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|---------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2008 | 2 2009 | 3 2010 | 4 2011 | 5 2012 |
| 1. Prior..... | 39,289 | 40,191 | 40,152 | 40,152 | 40,152 |
| 2. 2008..... | 500,620 | 524,795 | 524,902 | 524,849 | 524,849 |
| 3. 2009..... | XXX | 565,654 | 601,071 | 603,354 | 603,354 |
| 4. 2010..... | XXX | XXX | 626,775 | 667,398 | 667,398 |
| 5. 2011..... | XXX | XXX | XXX | 651,720 | 724,494 |
| 6. 2012..... | XXX | XXX | XXX | XXX | 649,847 |

SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|---------------------------------------|--|-----------|-----------|-----------|-----------|
| | 1 2008 | 2 2009 | 3 2010 | 4 2011 | 5 2012 |
| 1. Prior..... | 39,289 | 40,191 | 40,152 | 40,152 | 40,152 |
| 2. 2008..... | 557,700 | 581,931 | 582,042 | 581,989 | 581,989 |
| 3. 2009..... | XXX | 632,563 | 669,864 | 672,147 | 672,147 |
| 4. 2010..... | XXX | XXX | 706,060 | 746,867 | 746,867 |
| 5. 2011..... | XXX | XXX | XXX | 729,997 | 724,580 |
| 6. 2012..... | XXX | XXX | XXX | XXX | 735,455 |

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

| Years in Which Premiums were Earned and Claims were Incurred | 1 Premiums Earned | 2 Claim Payments | 3 Claim Adjustment Expense Payments | 4 Percent (Col. 3/2) | 5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | 6 Percent (Col. 5/1) | 7 Claims Unpaid | 8 Unpaid Claim Adjustment Expense | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8) | 10 Percent (Col. 9/1) |
|--|-----------------------------|----------------------------|---|--------------------------------|--|--------------------------------|---------------------------|--|--|---------------------------------|
| 1. 2008..... | 614,409 | 524,849 | 17,877 | 3.4 | 542,726 | 88.3 | | | 542,726 | 88.3 |
| 2. 2009..... | 728,242 | 603,354 | 18,498 | 3.1 | 621,852 | 85.4 | | | 621,852 | 85.4 |
| 3. 2010..... | 806,366 | 667,398 | 19,727 | 3.0 | 687,125 | 85.2 | | | 687,125 | 85.2 |
| 4. 2011..... | 844,349 | 724,494 | 21,011 | 2.9 | 745,505 | 88.3 | 85 | | 745,590 | 88.3 |
| 5. 2012..... | 841,179 | 649,847 | 22,358 | 3.4 | 672,205 | 79.9 | 85,608 | 986 | 758,799 | 90.2 |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|---------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2008 | 2 2009 | 3 2010 | 4 2011 | 5 2012 |
| 1. Prior..... | | | | | |
| 2. 2008..... | | | | | |
| 3. 2009..... | XXX | 38 | 47 | 47 | 47 |
| 4. 2010..... | XXX | XXX | 227 | 248 | 248 |
| 5. 2011..... | XXX | XXX | XXX | 562 | 666 |
| 6. 2012..... | XXX | XXX | XXX | XXX | 642 |

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|---------------------------------------|--|-----------|-----------|-----------|-----------|
| | 1 2008 | 2 2009 | 3 2010 | 4 2011 | 5 2012 |
| 1. Prior..... | | | | | |
| 2. 2008..... | | | | | |
| 3. 2009..... | XXX | 80 | 89 | 89 | 89 |
| 4. 2010..... | XXX | XXX | 345 | 345 | 345 |
| 5. 2011..... | XXX | XXX | XXX | 703 | 666 |
| 6. 2012..... | XXX | XXX | XXX | XXX | 743 |

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - HOSPITAL AND MEDICAL

| Years in Which Premiums were Earned and Claims were Incurred | 1 Premiums Earned | 2 Claim Payments | 3 Claim Adjustment Expense Payments | 4 Percent (Col. 3/2) | 5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | 6 Percent (Col. 5/1) | 7 Claims Unpaid | 8 Unpaid Claim Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8) | 10 Percent (Col. 9/1) |
|--|-----------------------------|----------------------------|---|--------------------------------|--|--------------------------------|---------------------------|---|--|---------------------------------|
| 1. 2008..... | | | | 0.0 | 0 | 0.0 | | | 0 | 0.0 |
| 2. 2009..... | 93 | 47 | | 0.0 | 47 | 50.5 | | | 47 | 50.5 |
| 3. 2010..... | 391 | 248 | | 0.0 | 248 | 63.4 | | | 248 | 63.4 |
| 4. 2011..... | 977 | 666 | | 0.0 | 666 | 68.2 | | | 666 | 68.2 |
| 5. 2012..... | 1,155 | 642 | 28 | 4.4 | 670 | 58.0 | 101 | 1 | 772 | 66.8 |

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicare Supp.
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicare Supp.
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicare Supp.
NONE**

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Dental
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Dental
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Dental
NONE**

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Vision
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Vision
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Vision
NONE**

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Fed Emp Health
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Fed Emp Health
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Fed Emp Health
NONE**

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|---------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2008 | 2 2009 | 3 2010 | 4 2011 | 5 2012 |
| 1. Prior..... | 1,666 | 1,748 | 1,749 | 1,749 | 1,749 |
| 2. 2008..... | 14,573 | 17,435 | 17,533 | 17,539 | 17,539 |
| 3. 2009..... | XXX | 24,590 | 29,270 | 29,157 | 29,157 |
| 4. 2010..... | XXX | XXX | 61,808 | 72,165 | 72,165 |
| 5. 2011..... | XXX | XXX | XXX | 92,131 | 111,254 |
| 6. 2012..... | XXX | XXX | XXX | XXX | 95,724 |

SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE

12.XV

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|---------------------------------------|--|-----------|-----------|-----------|-----------|
| | 1 2008 | 2 2009 | 3 2010 | 4 2011 | 5 2012 |
| 1. Prior..... | 1,666 | 1,748 | 1,749 | 1,749 | 1,749 |
| 2. 2008..... | 18,669 | 21,587 | 21,685 | 21,691 | 21,691 |
| 3. 2009..... | XXX | 32,313 | 37,091 | 36,978 | 36,978 |
| 4. 2010..... | XXX | XXX | 77,045 | 87,412 | 87,412 |
| 5. 2011..... | XXX | XXX | XXX | 105,743 | 111,235 |
| 6. 2012..... | XXX | XXX | XXX | XXX | 116,988 |

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XVIII - MEDICARE

| Years in Which Premiums were Earned and Claims were Incurred | 1 Premiums Earned | 2 Claim Payments | 3 Claim Adjustment Expense Payments | 4 Percent (Col. 3/2) | 5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | 6 Percent (Col. 5/1) | 7 Claims Unpaid | 8 Unpaid Claim Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8) | 10 Percent (Col. 9/1) |
|--|-----------------------------|----------------------------|---|--------------------------------|--|--------------------------------|---------------------------|---|--|---------------------------------|
| 1. 2008..... | 20,672 | 17,539 | 536 | 3.1 | 18,075 | 87.4 | | | 18,075 | 87.4 |
| 2. 2009..... | 35,448 | 29,157 | 912 | 3.1 | 30,069 | 84.8 | | | 30,069 | 84.8 |
| 3. 2010..... | 77,572 | 72,165 | 1,818 | 2.5 | 73,983 | 95.4 | | | 73,983 | 95.4 |
| 4. 2011..... | 118,410 | 111,254 | 2,154 | 1.9 | 113,408 | 95.8 | (19) | | 113,389 | 95.8 |
| 5. 2012..... | 144,719 | 95,724 | 2,002 | 2.1 | 97,726 | 67.5 | 21,264 | 247 | 119,237 | 82.4 |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XIX - MEDICAID

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|---------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2008 | 2 2009 | 3 2010 | 4 2011 | 5 2012 |
| 1. Prior..... | 37,623 | 38,443 | 38,403 | 38,403 | 38,403 |
| 2. 2008..... | 486,047 | 507,360 | 507,369 | 507,310 | 507,310 |
| 3. 2009..... | XXX | 541,026 | 571,754 | 574,150 | 574,150 |
| 4. 2010..... | XXX | XXX | 564,740 | 594,985 | 594,985 |
| 5. 2011..... | XXX | XXX | XXX | 559,027 | 612,574 |
| 6. 2012..... | XXX | XXX | XXX | XXX | 553,481 |

SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|---------------------------------------|--|-----------|-----------|-----------|-----------|
| | 1 2008 | 2 2009 | 3 2010 | 4 2011 | 5 2012 |
| 1. Prior..... | 37,623 | 38,443 | 38,403 | 38,403 | 38,403 |
| 2. 2008..... | 539,031 | 560,344 | 560,357 | 560,298 | 560,298 |
| 3. 2009..... | XXX | 600,170 | 632,684 | 635,080 | 635,080 |
| 4. 2010..... | XXX | XXX | 628,670 | 659,110 | 659,110 |
| 5. 2011..... | XXX | XXX | XXX | 623,551 | 612,679 |
| 6. 2012..... | XXX | XXX | XXX | XXX | 617,724 |

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XIX - MEDICAID

| Years in Which Premiums were Earned and Claims were Incurred | 1 Premiums Earned | 2 Claim Payments | 3 Claim Adjustment Expense Payments | 4 Percent (Col. 3/2) | 5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | 6 Percent (Col. 5/1) | 7 Claims Unpaid | 8 Unpaid Claim Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8) | 10 Percent (Col. 9/1) |
|--|-----------------------------|----------------------------|---|--------------------------------|--|--------------------------------|---------------------------|---|--|---------------------------------|
| 1. 2008..... | 593,737 | 507,310 | 17,341 | 3.4 | 524,651 | 88.4 | | | 524,651 | 88.4 |
| 2. 2009..... | 692,701 | 574,150 | 17,586 | 3.1 | 591,736 | 85.4 | | | 591,736 | 85.4 |
| 3. 2010..... | 728,403 | 594,985 | 17,909 | 3.0 | 612,894 | 84.1 | | | 612,894 | 84.1 |
| 4. 2011..... | 724,962 | 612,574 | 18,857 | 3.1 | 631,431 | 87.1 | 104 | | 631,535 | 87.1 |
| 5. 2012..... | 695,305 | 553,481 | 20,328 | 3.7 | 573,809 | 82.5 | 64,243 | 738 | 638,790 | 91.9 |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - OTHER

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|---------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2008 | 2 2009 | 3 2010 | 4 2011 | 5 2012 |
| 1. Prior..... | NONE | | | | |
| 2. 2008..... | | | | | |
| 3. 2009..... | | XXX | | | |
| 4. 2010..... | | XXX | XXX | | |
| 5. 2011..... | | XXX | XXX | XXX | |
| 6. 2012..... | | XXX | XXX | XXX | XXX |

SECTION B - INCURRED HEALTH CLAIMS - OTHER

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|---------------------------------------|--|-----------|-----------|-----------|-----------|
| | 1 2008 | 2 2009 | 3 2010 | 4 2011 | 5 2012 |
| 1. Prior..... | NONE | | | | |
| 2. 2008..... | | | | | |
| 3. 2009..... | | XXX | | | |
| 4. 2010..... | | XXX | XXX | | |
| 5. 2011..... | | XXX | XXX | XXX | |
| 6. 2012..... | | XXX | XXX | XXX | XXX |

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - OTHER

| Years in Which Premiums were Earned and Claims were Incurred | 1 Premiums Earned | 2 Claim Payments | 3 Claim Adjustment Expense Payments | 4 Percent (Col. 3/2) | 5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | 6 Percent (Col. 5/1) | 7 Claims Unpaid | 8 Unpaid Claim Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8) | 10 Percent (Col. 9/1) |
|--|-----------------------------|----------------------------|---|--------------------------------|--|--------------------------------|---------------------------|---|--|---------------------------------|
| 1. 2008..... | | | | | NONE | 0.0 | | | 0 | 0.0 |
| 2. 2009..... | | | | 0.0 | | 0.0 | | | 0 | 0.0 |
| 3. 2010..... | | | | 0.0 | | 0.0 | | | 0 | 0.0 |
| 4. 2011..... | | | | 0.0 | | 0.0 | | | 0 | 0.0 |
| 5. 2012..... | | | | 0.0 | | 0.0 | | | 0 | 0.0 |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|----------------|--|------------------------|----------------|----------------|--|----------------------------|--------------------------|--------|
| | Total | Comprehensive (Hospital and Medical) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefit Plan | Title XVIII Medicare | Title XIX Medicaid | Other |
| 1. Unearned premium reserves..... |0 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 2. Additional policy reserves (a)..... |0 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 3. Reserve for future contingent benefits..... |0 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 4. Reserve for rate credits or experience rating refunds (including \$.....0) for investment income..... |1,286,000 | ..... | ..... | ..... | ..... | ..... | .....1,286,000 | ..... | ..... |
| 5. Aggregate write-ins for other policy reserves..... |0 |0 |0 |0 |0 |0 |0 |0 |0 |
| 6. Totals (gross)..... |1,286,000 |0 |0 |0 |0 |0 |1,286,000 |0 |0 |
| 7. Reinsurance ceded..... |0 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 8. Totals (net) (Page 3, Line 4)..... |1,286,000 |0 |0 |0 |0 |0 |1,286,000 |0 |0 |
| 9. Present value of amounts not yet due on claims..... |0 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 10. Reserve for future contingent benefits..... |0 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 11. Aggregate write-ins for other claim reserves..... |0 |0 |0 |0 |0 |0 |0 |0 |0 |
| 12. Totals (gross)..... |0 |0 |0 |0 |0 |0 |0 |0 |0 |
| 13. Reinsurance ceded..... |0 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 14. Totals (net) (Page 3, Line 7)..... |0 |0 |0 |0 |0 |0 |0 |0 |0 |

DETAILS OF WRITE-INS

| | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 0501. |0 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 0502. |0 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 0503. |0 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 0598. Summary of remaining write-ins for Line 5 from overflow page..... |0 |0 |0 |0 |0 |0 |0 |0 |0 |
| 0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)..... |0 |0 |0 |0 |0 |0 |0 |0 |0 |
| 1101. |0 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 1102. |0 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 1103. |0 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 1198. Summary of remaining write-ins for Line 11 from overflow page..... |0 |0 |0 |0 |0 |0 |0 |0 |0 |
| 1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)..... |0 |0 |0 |0 |0 |0 |0 |0 |0 |

(a) Includes \$.....0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

| | Claim Adjustment Expenses | | 3 General Administrative Expenses | 4 Investment Expenses | 5 Total |
|---|--------------------------------------|--|--|-----------------------------|--------------------|
| | 1 Cost Containment Expenses | 2 Other Claim Adjustment Expenses | | | |
| 1. Rent (\$.....0 for occupancy of own building)..... |32,120 | ..... | .....2,621,647 | ..... | .....2,653,767 |
| 2. Salaries, wages and other benefits..... |11,033,716 |718,772 |25,113,402 | ..... | .....36,865,890 |
| 3. Commissions (less \$.....0 ceded plus \$.....0 assumed)..... | ..... | ..... | ..... | ..... | .....0 |
| 4. Legal fees and expenses..... | ..... | ..... | .....603,824 | ..... | .....603,824 |
| 5. Certifications and accreditation fees..... | ..... | ..... | ..... | ..... | .....0 |
| 6. Auditing, actuarial and other consulting services..... |3,357,973 |(5,361) |3,297,052 | ..... | .....6,649,664 |
| 7. Traveling expenses..... |114,093 |2,575 |909,973 | ..... | .....1,026,641 |
| 8. Marketing and advertising..... |104,409 |2 |692,793 | ..... | .....797,204 |
| 9. Postage, express and telephone..... |247,708 |712 |1,767,656 | ..... | .....2,016,076 |
| 10. Printing and office supplies..... |466,938 |2,855 |1,110,319 | ..... | .....1,580,112 |
| 11. Occupancy, depreciation and amortization..... | ..... | ..... | .....7,497,835 | ..... | .....7,497,835 |
| 12. Equipment..... |149 | ..... | .....518,219 | ..... | .....518,368 |
| 13. Cost or depreciation of EDP equipment and software..... |54,153 | ..... | .....3,356,887 | ..... | .....3,411,040 |
| 14. Outsourced services including EDP, claims, and other services..... |199,040 |1,577,627 |3,478,578 | ..... | .....5,255,245 |
| 15. Boards, bureaus and association fees..... |13,900 |37 |165,069 | ..... | .....179,006 |
| 16. Insurance, except on real estate..... |1,422,699 |150,201 |2,120,873 | ..... | .....3,693,773 |
| 17. Collection and bank service charges..... | ..... | ..... | .....59,766 |51,598 |111,364 |
| 18. Group service and administration fees..... | ..... | ..... | ..... | ..... | .....0 |
| 19. Reimbursements by uninsured plans..... | ..... | ..... | ..... | ..... | .....0 |
| 20. Reimbursements from fiscal intermediaries..... | ..... | ..... | ..... | ..... | .....0 |
| 21. Real estate expenses..... | ..... | ..... | ..... | ..... | .....0 |
| 22. Real estate taxes..... | ..... | ..... | .....100,712 | ..... | .....100,712 |
| 23. Taxes, licenses and fees: | | | | | |
| 23.1 State and local insurance taxes..... | ..... | ..... | .....534,033 | ..... | .....534,033 |
| 23.2 State premium taxes..... | ..... | ..... | .....10,833,203 | ..... | .....10,833,203 |
| 23.3 Regulatory authority licenses and fees..... |12,531 | ..... | .....474,637 | ..... | .....487,168 |
| 23.4 Payroll taxes..... |873,765 |60,686 |1,601,989 | ..... | .....2,536,440 |
| 23.5 Other (excluding federal income and real estate taxes)..... | ..... | ..... | .....5,848,745 | ..... | .....5,848,745 |
| 24. Investment expenses not included elsewhere..... | ..... | ..... | ..... | ..... | .....0 |
| 25. Aggregate write-ins for expenses..... |1,915,560 |1,426 |671,400 |0 |2,588,386 |
| 26. Total expenses incurred (Lines 1 to 25)..... |19,848,754 |2,509,532 |73,378,612 |51,598 | (a).....95,788,496 |
| 27. Less expenses unpaid December 31, current year..... | ..... | .....986,237 |2,033,568 | ..... | .....3,019,805 |
| 28. Add expenses unpaid December 31, prior year..... | ..... | .....973,219 |3,135,440 | ..... | .....4,108,659 |
| 29. Amounts receivable relating to uninsured plans, prior year..... | ..... | ..... | .....2,147,259 | ..... | .....2,147,259 |
| 30. Amounts receivable relating to uninsured plans, current year..... | ..... | ..... | .....1,767,000 | ..... | .....1,767,000 |
| 31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)..... |19,848,754 |2,496,514 |74,100,225 |51,598 |96,497,091 |

DETAILS OF WRITE-INS

| | | | | | |
|--|----------------|------------|--------------|--------|----------------|
| 2501. Contributions-Political..... |28,984 | ..... | .....22,517 | ..... | .....51,501 |
| 2502. Contributions-Charitable..... | ..... | ..... | .....367,658 | ..... | .....367,658 |
| 2503. Continuing Educ/User Training..... |5,751 |1,366 |34,195 | ..... | .....41,312 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... |1,880,825 |60 |247,030 |0 |2,127,915 |
| 2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above)..... |1,915,560 |1,426 |671,400 |0 |2,588,386 |

(a) Includes management fees of \$.....46,907,129 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

| | 1 Collected During Year | 2 Earned During Year |
|--|-------------------------------|----------------------------|
| 1. U.S. government bonds..... | (a)..... | ..... |
| 1.1 Bonds exempt from U.S. tax..... | (a)..... | ..... |
| 1.2 Other bonds (unaffiliated)..... | (a).....338,348 |231,507 |
| 1.3 Bonds of affiliates..... | (a)..... | ..... |
| 2.1 Preferred stocks (unaffiliated)..... | (b)..... | ..... |
| 2.11 Preferred stocks of affiliates..... | (b)..... | ..... |
| 2.2 Common stocks (unaffiliated)..... | ..... | ..... |
| 2.21 Common stocks of affiliates..... | ..... | ..... |
| 3. Mortgage loans..... | (c)..... | ..... |
| 4. Real estate..... | (d)..... | ..... |
| 5. Contract loans..... | ..... | ..... |
| 6. Cash, cash equivalents and short-term investments..... | (e).....762,586 |475,146 |
| 7. Derivative instruments..... | (f)..... | ..... |
| 8. Other invested assets..... | ..... | ..... |
| 9. Aggregate write-ins for investment income..... |0 |197,768 |
| 10. Total gross investment income..... |1,100,935 |904,422 |
| 11. Investment expenses..... | | (g).....51,598 |
| 12. Investment taxes, licenses and fees, excluding federal income taxes..... | | (g)..... |
| 13. Interest expense..... | | (h)..... |
| 14. Depreciation on real estate and other invested assets..... | | (i).....0 |
| 15. Aggregate write-ins for deductions from investment income..... | |0 |
| 16. Total deductions (Lines 11 through 15)..... | |51,598 |
| 17. Net investment income (Line 10 minus Line 16)..... | |852,824 |

| DETAILS OF WRITE-INS | | |
|--|--------|--------------|
| 0901. Miscellaneous Income..... | |197,768 |
| 0902. .... |  | ..... |
| 0903. .... |  | ..... |
| 0998. Summary of remaining write-ins for Line 9 from overflow page..... |0 |0 |
| 0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)..... |0 |197,768 |
| 1501. .... |  | ..... |
| 1502. .... |  | ..... |
| 1503. .... |  | ..... |
| 1598. Summary of remaining write-ins for Line 15 from overflow page..... | |0 |
| 1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above)..... | |0 |

- (a) Includes \$.....0 accrual of discount less \$.....610,506 amortization of premium and less \$.....107,711 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....15 accrual of discount less \$.....1,741,303 amortization of premium and less \$.....576,157 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

| | 1 Realized Gain (Loss) on Sales or Maturity | 2 Other Realized Adjustments | 3 Total Realized Capital Gain (Loss) (Columns 1 + 2) | 4 Change in Unrealized Capital Gain (Loss) | 5 Change in Unrealized Foreign Exchange Capital Gain (Loss) |
|---|---|---------------------------------------|---|---|---|
| 1. U.S. government bonds..... | | |0 |  | ..... |
| 1.1 Bonds exempt from U.S. tax..... | | |0 |  | ..... |
| 1.2 Other bonds (unaffiliated)..... | | |0 |  | ..... |
| 1.3 Bonds of affiliates..... | | |0 |  | ..... |
| 2.1 Preferred stocks (unaffiliated)..... | | |0 |  | ..... |
| 2.11 Preferred stocks of affiliates..... | | |0 |  | ..... |
| 2.2 Common stocks (unaffiliated)..... | | |0 |  | ..... |
| 2.21 Common stocks of affiliates..... | | |0 |  | ..... |
| 3. Mortgage loans..... | | |0 |  | ..... |
| 4. Real estate..... | | |0 |  | ..... |
| 5. Contract loans..... | | |0 |  | ..... |
| 6. Cash, cash equivalents and short-term investments..... | | |0 |  | ..... |
| 7. Derivative instruments..... | | |0 |  | ..... |
| 8. Other invested assets..... | | |0 |  | ..... |
| 9. Aggregate write-ins for capital gains (losses)..... |0 |0 |0 |0 |0 |
| 10. Total capital gains (losses)..... |0 |0 |0 |0 |0 |

| DETAILS OF WRITE-INS | | | | | |
|--|--------|--------|--------|--------|--------|
| 0901. | | |0 |  | ..... |
| 0902. | | |0 |  | ..... |
| 0903. | | |0 |  | ..... |
| 0998. Summary of remaining write-ins for Line 9 from overflow page.. |0 |0 |0 |0 |0 |
| 0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)..... |0 |0 |0 |0 |0 |

EXHIBIT OF NONADMITTED ASSETS

| | 1 Current Year Total Nonadmitted Assets | 2 Prior Year Total Nonadmitted Assets | 3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1) |
|---|--|--|---|
| 1. Bonds (Schedule D)..... | | | 0 |
| 2. Stocks (Schedule D): | | | |
| 2.1 Preferred stocks..... | | | 0 |
| 2.2 Common stocks..... | | | 0 |
| 3. Mortgage loans on real estate (Schedule B): | | | |
| 3.1 First liens..... | | | 0 |
| 3.2 Other than first liens..... | | | 0 |
| 4. Real estate (Schedule A): | | | |
| 4.1 Properties occupied by the company..... | | | 0 |
| 4.2 Properties held for the production of income..... | | | 0 |
| 4.3 Properties held for sale..... | | | 0 |
| 5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)..... | | | 0 |
| 6. Contract loans..... | | | 0 |
| 7. Derivatives (Schedule DB)..... | | | 0 |
| 8. Other invested assets (Schedule BA)..... | | | 0 |
| 9. Receivables for securities..... | | | 0 |
| 10. Securities lending reinvested collateral assets (Schedule DL)..... | | | 0 |
| 11. Aggregate write-ins for invested assets..... | 11,544 | 11,544 | 0 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11)..... | 11,544 | 11,544 | 0 |
| 13. Title plants (for Title insurers only)..... | | | 0 |
| 14. Investment income due and accrued..... | | | 0 |
| 15. Premiums and considerations: | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection..... | | | 0 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due..... | | | 0 |
| 15.3 Accrued retrospective premiums..... | | | 0 |
| 16. Reinsurance: | | | |
| 16.1 Amounts recoverable from reinsurers..... | | | 0 |
| 16.2 Funds held by or deposited with reinsured companies..... | | | 0 |
| 16.3 Other amounts receivable under reinsurance contracts..... | | | 0 |
| 17. Amounts receivable relating to uninsured plans..... | | | 0 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon..... | | | 0 |
| 18.2 Net deferred tax asset..... | 1,371,756 | 592,850 | (778,906) |
| 19. Guaranty funds receivable or on deposit..... | | | 0 |
| 20. Electronic data processing equipment and software..... | | | 0 |
| 21. Furniture and equipment, including health care delivery assets..... | 193,481 | 304,928 | 111,447 |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates..... | | | 0 |
| 23. Receivables from parent, subsidiaries and affiliates..... | | | 0 |
| 24. Health care and other amounts receivable..... | 4,311,709 | 1,886,006 | (2,425,703) |
| 25. Aggregate write-ins for other than invested assets..... | 207,087 | 256,201 | 49,114 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)..... | 6,095,577 | 3,051,529 | (3,044,048) |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | | | 0 |
| 28. TOTALS (Lines 26 and 27)..... | 6,095,577 | 3,051,529 | (3,044,048) |

DETAILS OF WRITE-INS

| | | | |
|--|---------|---------|-----------|
| 1101. Deposits - Long Term..... | 11,544 | 11,544 | 0 |
| 1102. | | | 0 |
| 1103. | | | 0 |
| 1198. Summary of remaining write-ins for Line 11 from overflow page..... | 0 | 0 | 0 |
| 1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)..... | 11,544 | 11,544 | 0 |
| 2501. Prepaid Expenses/Deposits..... | 207,087 | 85,176 | (121,911) |
| 2502. Intangible Assets (Goodwill/Patient Files)..... | | 171,025 | 171,025 |
| 2503. | | | 0 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 0 | 0 | 0 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)..... | 207,087 | 256,201 | 49,114 |

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

| Source of Enrollment | Total Members at End of | | | | | 6 Current Year Member Months |
|---|-------------------------|-----------------------|------------------------|-----------------------|----------------------|---------------------------------------|
| | 1 Prior Year | 2 First Quarter | 3 Second Quarter | 4 Third Quarter | 5 Current Year | |
| 1. Health maintenance organizations..... | 222,321 | 221,700 | 219,677 | 218,610 | 220,377 | 2,639,337 |
| 2. Provider service organizations..... | | | | | | |
| 3. Preferred provider organizations..... | | | | | | |
| 4. Point of service..... | | | | | | |
| 5. Indemnity only..... | | | | | | |
| 6. Aggregate write-ins for other lines of business..... | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. Total..... | 222,321 | 221,700 | 219,677 | 218,610 | 220,377 | 2,639,337 |

DETAILS OF WRITE-INS

| | | | | | | |
|---|---|---|---|---|---|---|
| 0601. | | | | | | |
| 0602. | | | | | | |
| 0603. | | | | | | |
| 0698. Summary of remaining write-ins for Line 6 from overflow page..... | 0 | 0 | 0 | 0 | 0 | 0 |
| 0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)..... | 0 | 0 | 0 | 0 | 0 | 0 |

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Molina Healthcare of Michigan, Inc. (the Company) are presented on the basis of accounting practices prescribed or permitted by the State of Michigan, Office of Financial and Insurance Regulation (OFIR).

The OFIR recognizes only statutory accounting practices prescribed or permitted by the state of Michigan for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Michigan insurance law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Michigan.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with the NAIC SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses in the period. Actual results could differ from those estimates.

C. Accounting Policy

Revenue Recognition: The Company arranges for the provision of health care services to Medicaid and Medicare recipients under contracts with the state of Michigan, and the Centers for Medicare and Medicaid Services ("CMS"). Premium revenue is fixed in advance of the periods covered and, is not generally subject to significant accounting estimates.

Recognition of Health Care Costs: Medical and hospital expenses related to both capitation and fee-for-service programs are recorded in the period in which the related services are dispensed or the member is entitled to service. Medical and hospital expenses include payments to primary care physicians, specialists, hospitals, pharmacies and other health care providers. In general, primary care physicians are paid on either a fee-for-service basis or a capitated basis (a fixed amount per-member per-month regardless of actual utilization of medical services), while specialists and hospitals are paid on a fee-for-service basis. Under capitated contracts, the Company is liable for the provision of certain health care services, while under fee-for-service arrangements, the Company retains the financial responsibility for medical care provided at discounted payments rates.

In addition, the Company applies the following accounting policies:

- (1) Short-term investments consist primarily of money market funds and investments in corporate debt securities with maturity dates of less than one year from the date of issuance. Realized capital gains and losses are determined using the specific-identification method.
- (2) Bonds not backed by other loans are principally stated at amortized cost using the scientific method. Changes in admitted asset carrying amounts of bonds are credited or charged directly to unassigned surplus.

NOTES TO FINANCIAL STATEMENTS

- (3) Investments in common stock: None
- (4) Investments in preferred stock: None
- (5) Investments in mortgage loans: None
- (6) Investments in loan-backed securities: None
- (7) Investments in subsidiaries, controlled or affiliated companies: None
- (8) Investments in joint ventures, partnerships and limited liability companies: None
- (9) Investments in derivatives: None
- (10) The Company assesses the profitability of its contracts for providing health care services to its members when current operating results or forecasts indicate probable future losses. The Company compares anticipated premiums and investment income to health care related costs, including estimated payments for providers, commissions and costs of collecting premiums and processing claims. If the anticipated future costs exceed the premiums, a loss contract accrual is recognized. No premium deficiency reserves were deemed necessary as of December 31, 2012.
- (11) Claims unpaid and claims adjustment expenses represent management's best estimate of the ultimate net cost of all reported and unreported claims incurred through December 31. Such estimates are based on many variables, including estimates of unreported claims using historical and statistical information and other factors. Such estimates are subject to the effects of trends in claims severity and frequency, changes in the regulatory environment and economic conditions. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid claims are adequate. The methods for making such estimates and the resulting reserves are continually reviewed and updated as necessary as experience develops or new information becomes known; such adjustments are included in current operations.
- (12) There was no change in the capitalization policy from prior periods.
- (13) Amounts receivable for pharmacy rebates are estimated based upon billed amounts to pharmaceutical companies, utilization data, historical collection trends and the Company's judgment regarding the ability to collect specific amounts. Income from pharmacy rebates is reported as a reduction of hospital and medical expense in the statement of revenue and expenses. Generally, rebate amounts are not received within 90 days of the billing date and are non-admitted.

2. Accounting Changes and Corrections of Errors

On November 6, 2011, SSAP No. 101, Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10, was adopted by the NAIC. SSAP No. 101 contains changes to accounting for current and deferred federal income taxes, effective January 1, 2012. The guidance provides that the parameters for testing admissibility of deferred tax assets are no longer elective and are determined based on the risk-based capital level. It also sets a more likely than not threshold for the recording of contingent tax liabilities.

NOTES TO FINANCIAL STATEMENTS

The cumulative effect of adopting this pronouncement is a net increase (decrease) to surplus in the amount of: \$(259,578)

3. Business Combinations and Goodwill

None

4. Discontinued Operations

None

5. Investments

A. Mortgage Loans: None

B. Debt Restructuring: None

C. Reverse Mortgages: None

D. Loan-Backed Securities: None

E. Repurchase Agreements and/or Securities Lending Transactions: None

F. Real Estate: None

G. Low-Income Housing Tax Credits: None

6. Joint Ventures, Partnerships and Limited Liability Companies

None

7. Investment Income

The Company had no investment income that was excluded in 2012 or 2011. All of the Company's investments and the income derived from such investments meet the criteria for admitted receivables.

8. Derivative Instruments

None

9. Income Taxes

On November 6, 2011, SSAP No. 101, Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10, was adopted by the NAIC. SSAP No. 101 contains changes to accounting for current and deferred federal income taxes, effective January 1, 2012. The guidance provides that the parameters for testing admissibility of deferred tax assets are no longer elective and are determined based on the risk-based capital level. It also sets a more likely than not threshold for the recording of contingent tax liabilities. The cumulative effect of adopting this pronouncement is a net increase (decrease) to surplus in the amount of: \$(259,578)

2011 balances in Note 9 have been revised from the preceding year-end to be presented in accordance with SSAP 101.

NOTES TO FINANCIAL STATEMENTS

A. The components of the net deferred tax asset/(liability) are as follows:

(1)

| | 12/31/2012 | | | 12/31/2011 | | | Change | | |
|---|------------|---------|-----------|------------|---------|-----------|-----------|---------|-----------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| | Ordinary | Capital | Total | Ordinary | Capital | Total | Ordinary | Capital | Total |
| a. Gross deferred tax assets | 3,748,229 | — | 3,748,229 | 2,509,002 | — | 2,509,002 | 1,239,227 | — | 1,239,227 |
| b. Statutory valuation allowance | — | — | — | — | — | — | — | — | — |
| c. Adjusted gross deferred tax assets | 3,748,229 | — | 3,748,229 | 2,509,002 | — | 2,509,002 | 1,239,227 | — | 1,239,227 |
| d. Deferred tax assets non-admitted | 1,371,756 | — | 1,371,756 | 852,428 | — | 852,428 | 519,328 | — | 519,328 |
| e. Subtotal net admitted deferred tax asset | 2,376,473 | — | 2,376,473 | 1,656,574 | — | 1,656,574 | 719,899 | — | 719,899 |
| f. Deferred tax liabilities | — | — | — | (131,293) | — | (131,293) | 131,293 | — | 131,293 |
| g. Net admitted deferred tax asset/(Net deferred tax liability) | 2,376,473 | — | 2,376,473 | 1,525,281 | — | 1,525,281 | 851,192 | — | 851,192 |

(2) Admission calculation components, SSAP No. 101:

| | 12/31/2012 | | | 12/31/2011 | | | Change | | |
|---|------------|---------|------------|------------|---------|------------|-----------|---------|-----------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| | Ordinary | Capital | Total | Ordinary | Capital | Total | Ordinary | Capital | Total |
| a. Federal income taxes paid in prior years recoverable through loss carrybacks | 2,272,623 | — | 2,272,623 | 1,401,981 | — | 1,401,981 | 870,642 | — | 870,642 |
| b. Adjusted gross deferred tax assets expected to be realized after application of the threshold limitation (the lesser of 2(b)1 and 2(b)2 below) | 103,850 | — | 103,850 | 123,300 | — | 123,300 | (19,450) | — | (19,450) |
| b1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date | 103,850 | — | 103,850 | 123,300 | — | 123,300 | (19,450) | — | (19,450) |
| b2. Adjusted gross deferred tax assets allowed per limitation threshold | 11,724,592 | — | 11,724,592 | 11,408,053 | — | 11,408,053 | 316,539 | — | 316,539 |
| c. Adjusted gross deferred tax assets offset by gross deferred tax liabilities | — | — | — | 131,293 | — | 131,293 | (131,293) | — | (131,293) |
| d. Deferred tax assets admitted as the result of application of SSAP No. 101 | 2,376,473 | — | 2,376,473 | 1,656,574 | — | 1,656,574 | 719,899 | — | 719,899 |

(3)

| | 2012 | 2011 |
|--|------------|------------|
| a. Ratio percentage used to determine recovery period and threshold limitation amount | 317% | 324% |
| b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation | 80,540,423 | 76,053,686 |

(4) Impact of tax planning strategies

NOTES TO FINANCIAL STATEMENTS

| | 12/31/2012 | | | 12/31/2011 | | | Change | | |
|---|-------------------|----------------|--------------|-------------------|----------------|--------------|-----------------|----------------|--------------|
| | (1) Ordinary | (2) Capital | (3) Total | (4) Ordinary | (5) Capital | (6) Total | (7) Ordinary | (8) Capital | (9) Total |
| a. Adjusted gross DTAs (% of total adjusted gross DTAs) | — | — | — | — | — | — | — | — | — |
| b. Net Admitted Adjusted Gross DTAs (% of total net admitted adjusted gross DTAs) | — | — | — | — | — | — | — | — | — |
| c. Does the Company's tax planning strategies include the use of reinsurance? | NO | | | | | | | | |

B. Not applicable; the company had no deferred tax liabilities.

C. Current income taxes incurred consist of the following major components:

| | | (1) 12/31/2012 | (2) 12/31/2011 | (3) Change |
|--|--|-------------------|-------------------|--------------------|
| 1. Current Income Tax | | | | |
| a. Federal | | 6,110,835 | 9,015,904 | (2,905,069) |
| b. Foreign | | — | — | — |
| c. Subtotal | | 6,110,835 | 9,015,904 | (2,905,069) |
| d. Federal income tax on net capital gains | | 69,219 | 167,151 | (97,932) |
| e. Utilization of capital loss carryovers | | — | — | — |
| f. Other | | (52,761) | 42,664 | (95,425) |
| g. Federal and foreign income taxes incurred | | <u>6,127,293</u> | <u>9,225,719</u> | <u>(3,098,426)</u> |

NOTES TO FINANCIAL STATEMENTS**2. Deferred tax assets:**

| | | | |
|---|-------------|-----------|-----------|
| (a) Ordinary | | | |
| (1) Discounting of unpaid losses | 429,127 | 450,712 | (21,585) |
| (2) Unearned premium reserve | — | — | — |
| (3) Policyholder reserve | — | — | — |
| (4) Investments | — | — | — |
| (5) Deferred acquisition costs | — | — | — |
| (6) Policyholder dividends accrual | — | — | — |
| (7) Fixed assets | 1,419,233 | 1,008,233 | 411,000 |
| (8) Compensation and benefits accrual | 157,854 | 184,599 | (26,745) |
| (9) Pension accrual | — | — | — |
| (10) Receivables - nonadmitted | 1,509,098 | 660,246 | 848,852 |
| (11) Net operating loss carry-forward | 111,614 | 138,849 | (27,235) |
| (12) Tax credit carry-forward | — | — | — |
| (13) Other | 121,303 | 66,363 | 54,940 |
| (99) Subtotal | 3,748,229 | 2,509,002 | 1,239,227 |
| (b) Statutory valuation allowance | | | |
| (c) Non-admitted | (1,371,756) | (852,428) | (519,328) |
| (d) Admitted ordinary deferred tax assets | 2,376,473 | 1,656,574 | 719,899 |
| (e) Capital: | | | |
| (1) Investments | — | — | — |
| (2) Net capital loss carry-forward | — | — | — |
| (3) Real estate | — | — | — |
| (4) Other | — | — | — |
| (99) Subtotal | — | — | — |
| (f) Statutory valuation allowance | — | — | — |
| (g) Non-admitted | — | — | — |
| (h) Admitted capital deferred tax assets | — | — | — |
| (i) Admitted deferred tax assets | 2,376,473 | 1,656,574 | 719,899 |

3. Deferred tax liabilities:

| | | | |
|--------------------------------------|---|-----------|---------|
| (a) Ordinary | | | |
| (1) Investments | — | — | — |
| (2) Fixed assets | — | — | — |
| (3) Deferred and uncollected premium | — | — | — |
| (4) Policyholder reserves | — | — | — |
| (5) Other | — | (131,293) | 131,293 |
| (99) Subtotal | — | (131,293) | 131,293 |
| (b) Capital | | | |
| (1) Investments | — | — | — |
| (2) Real estate | — | — | — |
| (3) Other | — | — | — |
| (99) Subtotal | — | — | — |
| (c) Deferred tax liabilities | — | (131,293) | 131,293 |

NOTES TO FINANCIAL STATEMENTS

| | | | |
|--|------------------|------------------|----------------|
| 4. Net deferred tax assets/liabilities | <u>2,376,473</u> | <u>1,525,281</u> | <u>851,192</u> |
|--|------------------|------------------|----------------|

The Change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the Change in Nonadmitted Assets is reported separately from the Change in Deferred Income Taxes in the surplus section of the Annual Statement):

| | <u>12/31/2012</u> | <u>12/31/2011</u> | <u>Change</u> |
|--|-------------------|-------------------|------------------|
| Total deferred tax assets | 3,748,229 | 2,509,002 | 1,239,227 |
| Total deferred tax liabilities | — | (131,293) | 131,293 |
| Net deferred tax asset (liability) | <u>3,748,229</u> | <u>2,377,709</u> | <u>1,370,520</u> |
| Tax effect of unrealized (gains)/losses | | | — |
| Change in net deferred income tax assets-increase (decrease) | | | <u>1,370,520</u> |

The Company is subject to taxation in the United States and the state of Michigan. With few exceptions, the Company is no longer subject to U.S. federal, state or local tax examinations for tax years before 2009.

- D. The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory federal tax rate to income before income taxes. The significant items causing this difference are as follows:

| | Amount | Tax Effect | Effective Tax Rate |
|--|-------------------|-------------------|---------------------------|
| Taxes on income at federal statutory tax | 15,502,697 | 5,425,944 | 35.00% |
| Changes in nonadmitted assets | (1,882,375) | (658,831) | (4.25)% |
| Meals and entertainment | 9,383 | 3,284 | 0.02% |
| Lobbying expenses | 5,000 | 1,750 | 0.01% |
| Other, including Prior Year True-up | (43,926) | (15,374) | (0.10)% |
| Reported tax expense | <u>13,590,779</u> | <u>4,756,773</u> | <u>30.68%</u> |

| | | |
|---|------------------|---------------|
| Federal and foreign income taxes incurred | 6,127,293 | 39.52% |
| Change in net deferred income taxes | (1,370,520) | (8.84)% |
| Total statutory income taxes | <u>4,756,773</u> | <u>30.68%</u> |

- E. Federal net operating loss carryovers:

2012 \$ 318,898

NOTES TO FINANCIAL STATEMENTS

2011 \$ 396,713

The amount of federal income taxes incurred that will be available for recoupment in the event of future net losses is approximately:

2012 \$ 6,180,054

2011 \$ 9,193,296

Deposits admitted under IRC Section 6603: None

F. Federal income tax return consolidation

(1) The Company's Federal income tax return is consolidated with the following entities:

Molina Healthcare, Inc.
 Molina Healthcare of Arizona, Inc.
 Molina Healthcare of California
 Molina Healthcare of California Partner Plan
 Molina Healthcare of Utah, Inc.
 Molina Healthcare of Michigan, Inc.
 Molina Healthcare of New Mexico, Inc.
 Molina Healthcare of Ohio, Inc.
 Molina Healthcare of Washington, Inc.
 Molina Healthcare of Texas, Inc.
 Molina Healthcare of Georgia, Inc.
 Molina Healthcare Insurance Company
 Molina Healthcare of Florida, Inc.
 Molina Healthcare of Missouri, Inc.
 Alliance for Community Health, LLC
 Molina Healthcare of Virginia, Inc.
 Molina Healthcare of Mississippi, Inc.
 Molina Healthcare Services
 Molina Healthcare of Illinois, Inc.
 Molina Healthcare of Texas Insurance Company
 Molina Healthcare of Wisconsin, Inc.
 Molina Information Systems, LLC
 Molina Center, LLC
 Molina Pathways, LLC
 Molina Healthcare Data Center, Inc.
 American Family Care, Inc.
 Molina Healthcare of the District of Columbia, Inc.
 Molina Healthcare of New Mexico Medical Clinics, Inc.
 Molina Healthcare of Maryland, Inc.

(2) Molina Healthcare, Inc. ("Molina") and its subsidiaries, including the Company, file a consolidated federal income tax return. Under a written intercompany tax-sharing agreement with Molina, approved by the Company's board of directors, the combined federal income tax

NOTES TO FINANCIAL STATEMENTS

is allocated to each entity which is a party to the consolidation. Molina collects from, or refunds to, the subsidiaries the amount of taxes or benefits determined as if each entity filed separate tax returns. Under the tax-sharing agreement, the Company has an enforceable right to recoup federal income taxes paid in prior years in the event of future net losses or to recoup net losses carried forward as an offset to future net income subject to federal income taxes. Intercompany balances are settled annually within 90 days of filing the consolidated federal income tax return.

G. Not applicable

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A. The Company is a wholly owned subsidiary of Molina. Molina is a multi-state managed care organization that arranges for the delivery of health care services to persons eligible for Medicaid, Medicare, and other government-sponsored health care programs for low-income families and individuals. Molina also assists state agencies in their administration of the Medicaid program. Molina has wholly owned operating subsidiaries in various states as indicated in Note 9 above.

B., C. The Company paid dividends totaling \$5 million to Molina in 2012.

The Company has an agreement with Molina whereby Molina provides certain management services to the Company. Expenses incurred relating to this agreement amounted to \$46.9 million and \$47.0 million for the years ended December 31, 2012 and 2011, respectively.

D. As of December 31, 2011, amounts due to Molina and affiliates totaled \$876,279, and amounts due from Molina and affiliates totaled \$0. Intercompany receivables and payables are generally settled on a monthly basis.

E. On September 9, 2011, Molina entered into a credit agreement for a \$170 million revolving credit facility (the "Credit Facility") with various lenders to be used for general corporate purposes. The Credit Facility is collateralized by a pledge of the Company's common stock, as well as the common stock of other subsidiaries of Molina; \$40 million was outstanding under the Credit Facility as of December 31, 2012. As of December 31, 2012, Molina was in compliance with all financial covenants under the Credit Facility. See Note 22, "Events Subsequent."

F. The Company has a services agreement with Molina, as described in 10.C. above. Additionally, the Company has a contract with a business that provides certain vision services to the Company's enrollees, and enrollees of Molina's other subsidiaries. Molina holds an equity investment in this business. Under the Company's contract with this related party, the Company paid \$2.0 million and \$1.5 million for vision services for the years ended December 31, 2012 and 2011, respectively.

G. As indicated in 10.A. above, the Company is a wholly owned subsidiary of Molina. The entities under common ownership of Molina are indicated in Note 9.F. above.

H. Amount deducted from the value of an upstream intermediate entity or ultimate parent owned: None

I. Investment in subsidiary, controlled or affiliated (SCA) entity that exceeds 10% of the admitted assets of the insurer: None

NOTES TO FINANCIAL STATEMENTS

- J. Investment in impaired SCA: None
- K. Investment in foreign subsidiary: None
- L. Investment in downstream noninsurance holding company: None

11. Debt

None

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Post-retirement Benefit Plans

- A. Defined Benefit Plan: None
- B. Defined Contribution Plan: see 12.D. below
- C. Multiemployer Plans: None
- D. Consolidated/Holding Company Plans: The Company's employees participate in a defined contribution 401(k) plan sponsored by Molina that covers substantially all full-time salaried and clerical employees. Eligible employees are allowed to contribute up to the maximum allowed by law. The Company matches up to the first 4% of compensation contributed by the employees. The Company has no legal obligation to provide benefits under the plan. The Company's expense recognized in connection with the 401(k) plan was \$419,588 and \$396,973 for the years ended December 31, 2012 and 2011, respectively.
- E. Postemployment Benefits and Compensated Absences: None
- F. Impact of Medicare Modernization Act on Post Retirement Benefits: None

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- (1) The Company has 200,000 shares of \$0 par value common stock authorized, 159,000 shares issued and outstanding.
- (2) Preferred stock: None
- (3) Dividend restrictions: The laws of the state of Michigan limit the payment and declaration of extraordinary and ordinary dividends. As set forth in the Michigan Insurance Code, without prior approval of its insurance commissioner, dividends may only be paid from earned surplus. Extraordinary dividends must be approved by the OFIR.
- (4) Dividends paid by the Company to Molina during 2012 were as follows:

The Company paid a \$5 million dividend to Molina, of which the entire amount was considered ordinary and paid from earned surplus. The dividend was paid on April 9, 2012.
- (5) Subject to the limitations of (3) above, no restrictions have been placed on the portion of the Company's profits that may be paid as ordinary dividends to Molina.
- (6) Restrictions placed on unassigned funds (surplus): None
- (7) Advances to surplus not repaid: None

NOTES TO FINANCIAL STATEMENTS

- (8) Stock held for special purposes: None
- (9) Changes in balances of special surplus funds from the prior period: None
- (10) Unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses: None
- (11) Surplus Notes: None
- (12) Impact of the restatement in a quasi-reorganization: None
- (13) The effective date of a quasi-reorganization: None

14. Contingencies**A. Contingent Commitments**

- (1) Pledging of stock: As described in Note 10.E. above, Molina's Credit Facility is collateralized by a pledge of the Company's common stock, as well as the common stock of other subsidiaries of Molina. \$40 million was outstanding under the Credit Facility as of December 31, 2012. See Note 22, "Events Subsequent."
- (2) The Company is not a guarantor.
- (3) Not applicable.

B. Assessments: None**C. Gain Contingencies: None****D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits: None****E. All Other Contingencies:** From time to time, the Company may be involved in legal actions in the normal course of business, some of which involve a demand for both compensatory and punitive damages not covered by insurance. Currently, there are no pending or threatened actions which, to the knowledge and in the opinion of management and the Company's counsel, would have a material adverse effect on the Company's financial position, results of operations or cash flow.**15. Leases****A. Lessee lease arrangements**

- (1) Operating leases: The Company leases office facilities and equipment under noncancelable long-term operating leases. Some of the leases contain escalation clauses and renewal options. Rental expense relating to these leases totaled \$1.0 million and \$1.7 million for the years ended December 31, 2012 and 2011, respectively.
- (2) At January 1, 2013, the minimum aggregate rental commitments are as follows:

| | Year Ending December 31 | Operating Leases |
|----|-------------------------|------------------|
| 1. | 2013 | 989,129 |
| 2. | 2014 | 661,496 |
| 3. | 2015 | 0 |

NOTES TO FINANCIAL STATEMENTS

| | | |
|----|-------|-----------|
| 4. | 2016 | 0 |
| 5. | 2017 | 0 |
| 7. | Total | 1,650,625 |

(3) Sale-leaseback transactions: None

B. Lessor lease arrangements: None

16. Information About Financial Instruments With Off-Balance-Sheet Risk and Financial Instruments With Concentrations of Credit Risk

The Company has no financial instruments with off-balance-sheet risk.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash, cash equivalents, short-term investments, bonds and receivables. The Company invests a substantial portion of its cash in the PFM Fund Prime Series – Government Class, a portfolio of highly liquid money market securities that are managed by PFM Asset Management LLC (PFM), a Virginia business trust registered as an open-end management investment fund. This PFM investment totaled \$84,448,701 as of December 31, 2012 and \$72,936,188 at December 31, 2011. The Company's investments and a portion of its cash equivalents are managed by professional portfolio managers operating under documented investment guidelines. Concentrations of credit risk with respect to receivables is limited because the Company's only payors are the state of Michigan and the Centers for Medicare and Medicaid Services, or CMS.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables Reported as Sales: None

B. Transfers and Servicing of Financial Assets: None

C. Wash Sales: None

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A. ASO Plans: None

B. ASC Plans: None

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract: None

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

None

20. Fair Value Measurements

A.

(1) Assets Measured at Fair Value on a Recurring Basis: The Company's assets measured at fair value on a recurring basis are listed in the table below. The Plan receives monthly statements from investment brokers that provide market pricing.

| Description for each class of asset or liability | (Level 1) | (Level 2) | (Level 3) | Total |
|--|-----------|-----------|-----------|-------|
|--|-----------|-----------|-----------|-------|

NOTES TO FINANCIAL STATEMENTS

| | | | | |
|----------------------------------|---------------|--------------|------|---------------|
| a. Assets at fair value | | | | |
| Money Market Funds | \$ 89,098,867 | \$ 0 | \$ 0 | \$89,098,867 |
| Municipal securities | \$ 9,081,626 | \$ 0 | \$ 0 | \$ 9,081,626 |
| Unaffiliated Domestic Securities | \$ 38,046,082 | \$ 6,196,826 | \$ 0 | \$44,242,908 |
| | | | | |
| Total assets at fair value | \$136,226,575 | \$ 6,196,826 | \$ 0 | \$142,423,401 |
| | | | | |
| b. Liabilities at fair value | | | | |
| None (see (3) below) | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

(2) None

(3) None

(4) Level 2 financial instruments consist of investments including corporate debt securities, and municipal securities, which are classified as short-term investments. The financial instruments classified as Level 2 are traded frequently though not necessarily daily. Fair value for these securities is determined using a market approach based on quoted prices for similar securities in active markets or quoted prices for identical securities in inactive markets.

(5) None

B. Not applicable

C.

| Type of Financial Instrument | Aggregate Fair Value | Admitted Assets | (Level 1) | (Level 2) | (Level 3) | Not Practicable (Carrying Value) |
|---|----------------------|-----------------|-------------|--------------|-------------|----------------------------------|
| | | | | | | |
| Bonds | \$18,291,289 | \$18,249,760 | \$5,003,589 | \$13,287,700 | \$0 | |
| Investment income receivable | \$734,920 | \$734,920 | | | \$734,920 | |
| Uncollected premiums | \$8,937,417 | \$8,937,417 | | | \$8,937,417 | |
| Amounts receivable related to uninsured plans | \$1,767,000 | \$1,767,000 | | | \$1,767,000 | |
| Federal income tax recoverable | \$2,112,532 | \$2,112,532 | | | \$2,112,532 | |
| Health care and other receivables | \$5,478,380 | \$10,797 | | | \$5,478,380 | |

NOTES TO FINANCIAL STATEMENTS

| | | | | | | |
|-------|--------------|--------------|-------------|--------------|--------------|--|
| Total | \$37,321,538 | \$31,812,426 | \$5,003,589 | \$13,287,700 | \$19,030,249 | |
|-------|--------------|--------------|-------------|--------------|--------------|--|

The Company's statutory-basis balance sheets include the following financial instruments: bonds (stated at amortized cost), investment income due and accrued, federal income tax recoverable, and receivables. The Company believes the carrying amounts of these financial instruments in the statutory-basis financial statements approximate the fair value of these financial instruments because of the relatively short period of time between the origination of the instruments and their expected realization or payment.

D. Not applicable.

21. Other Items

- A. Extraordinary Items: None
- B. Troubled Debt Restructuring: None
- C. Other Disclosures: None
- D. Uncollectible Amounts: None
- E. Business Interruption Insurance Recoveries: None
- F. State Transferable and Non-transferable Tax Credits: None
- G. Subprime-Mortgage-Related Risk Exposure: None
- H. Retained Assets: None

22. Events Subsequent

On February 15, 2013, Molina repaid all of the outstanding indebtedness under its Credit Facility, and also terminated the Credit Facility.

There were no other recognized or unrecognized events occurring subsequent to the close of the books that would have a material effect on the Company's financial condition. Subsequent events were considered through February 28, 2013, for the statutory statement available to be issued on February 28, 2013.

23. Reinsurance

- A. Ceded Reinsurance Report
 - Section 1 – General Interrogatories
 - (1) No
 - (2) No
 - Section 2 – Ceded Reinsurance Report – Part A
 - (1) No
 - (2) No
 - Section 3 – Ceded Reinsurance Report – Part B
 - (1) \$ 0
 - (2) No

NOTES TO FINANCIAL STATEMENTS

- B. Uncollectible Reinsurance: None
- C. Commutation of Ceded Reinsurance: None

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A. Medicare revenue paid to the Company is subject to retroactive adjustment for both member risk scores and member pharmacy cost experience. Based on member encounter data the Company submits to CMS, the Company's Medicare revenue is subject to adjustment for up to two years after the original year of service. This adjustment takes into account the acuity of each member's medical needs relative to what was anticipated when premiums were originally set for that member. In the event the Company's membership (measured on an individual by individual basis) requires less acute medical care than was anticipated by the original premium amount, CMS may recover premiums from the Company. In the event the membership requires more acute medical care than was anticipated by the original premium amount, CMS may pay the Company additional retroactive premiums. A similar retroactive reconciliation is undertaken by CMS for the Company's Medicare members' pharmacy utilization. That analysis is similar to the process for the adjustment of member risk scores, but is further complicated by member pharmacy cost-sharing provisions attached to the Medicare pharmacy benefit that do not apply to the services measured by the member risk adjustment process. The Company estimates the amount of Medicare revenue that will ultimately be realized for the periods presented based on the Company's knowledge of its members' health care utilization patterns and CMS practices. Based on the Company's knowledge of member health care utilization patterns and expenses, the Company has recorded a net receivable of approximately \$25,000 and \$150,000 for anticipated Medicare risk adjustment premiums as of December 31, 2012, and December 31, 2011, respectively.
- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. The amount of net premiums written by the Company for the year ended December 31, 2012 that were subject to retrospective rating features was \$144,718,859, which represented 17.2% of the total net premiums written by the Company in 2012.
- D. Medical Loss Ratio Rebates Required: None

25. Change in Incurred Claims and Claim Adjustment Expenses

The change in prior year estimated claims reserves represents favorable development in claims experience. Original estimates are increased or decreased as additional information becomes known regarding incurred reported claims.

Claims unpaid activity as of December 31, and for the year then ended, is summarized as follows:

| | 2012 | 2011 |
|---|---------------|---------------|
| Unpaid claims liabilities and claims adjustment expenses, beginning of year | \$ 80,949,214 | \$ 83,731,406 |
| Add provision for claims, net of reinsurance: | | |
| Current year | 737,212,507 | 701,097,103 |
| Prior years | (6,746,835) | (6,240,417) |

NOTES TO FINANCIAL STATEMENTS

| | | |
|---|---------------|---------------|
| Net incurred claims during the current year | 730,465,672 | 694,856,686 |
| Deduct paid claims, net of reinsurance: | | |
| Current year | 654,344,410 | 622,498,754 |
| Prior years | 72,774,556 | 75,714,308 |
| Net paid claims during the current year | 727,118,966 | 698,213,062 |
| Current year change in claims adjustment expenses | 13,018 | (22,138) |
| Current year change in health care receivables | 2,370,378 | 596,322 |
| Current year change in amounts due from reinsurers | | |
| Unpaid claims liabilities and claims adjustment expenses, end of year | \$ 86,679,316 | \$ 80,949,214 |

26. Intercompany Pooling Arrangements

None

27. Structured Settlements

None

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables: At December 31, 2012, the Company had recorded \$4,311,709 of pharmacy rebate receivables, of which \$4,311,709 were non-admitted.

| Quarter | Estimated Pharmacy Rebates as Reported on Financial Statements | Pharmacy Rebates as Billed or Otherwise Confirmed | Actual Rebates Received Within 90 Days of Billing | Actual Rebates Received Within 91 to 180 Days of Billing | Actual Rebates Received More Than 180 Days After Billing |
|------------|--|---|---|--|--|
| 12/31/2012 | \$ 4,311,709 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 09/30/2012 | 3,034,618 | 0 | 0 | 710,802 | 0 |
| 06/30/2012 | 3,301,330 | 0 | 0 | 0 | 688,969 |
| 03/31/2012 | 3,068,758 | 0 | 0 | 0 | 537,542 |
| | | | | | |
| 12/31/2011 | 1,866,416 | 0 | 0 | 0 | 696,445 |
| 09/30/2011 | 1,766,307 | 0 | 0 | 0 | 1,207,770 |
| 06/30/2011 | 1,380,984 | 0 | 0 | 0 | 928,855 |
| 03/31/2011 | 1,518,019 | 0 | 0 | 0 | 366,673 |
| | | | | | |
| 12/31/2010 | 1,310,077 | 0 | 0 | 0 | 689,258 |
| 09/30/2010 | 3,043,219 | 0 | 0 | 0 | 834,453 |
| 06/30/2010 | 3,094,330 | 0 | 0 | 0 | 1,049,362 |
| 03/31/2010 | 3,608,431 | 0 | 0 | 0 | 996,872 |

B. Risk-Sharing Receivables: None

29. Participating Policies

NOTES TO FINANCIAL STATEMENTS

None

30. Premium Deficiency Reserves

| | |
|---|----------------|
| 1. Liability carried for premium deficiency reserves | \$ 0 |
| 2. Date of the most recent evaluation of this liability | 12/31/2012 |
| 3. Was anticipated investment income utilized in the calculation? | Yes [X] No [] |

31. Anticipated Salvage and Subrogation

None

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [X]

No []

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X]

No []

N/A []

1.3

State regulating?

Michigan

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes []

No [X]

2.2

If yes, date of change:

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2011

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2008

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

02/11/2010

3.4

By what department or departments?

Office of Financial and Insurance Regulation

3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes []

No []

N/A [X]

3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes [X]

No []

N/A []

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11

sales of new business?

Yes []

No [X]

4.12

renewals?

Yes []

No [X]

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21

sales of new business?

Yes []

No [X]

4.22

renewals?

Yes []

No [X]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes []

No [X]

5.2

If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

| | | |
|----------------|---------------|-------------------|
| 1 | 2 | 3 |
| Name of Entity | NAIC Co. Code | State of Domicile |
| | | |

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes []

No [X]

6.2

If yes, give full information:

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes []

No [X]

7.2

If yes,

7.21

State the percentage of foreign control

.....%

7.22

State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

| | |
|-------------|----------------|
| 1 | 2 |
| Nationality | Type of Entity |
| | |

8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes []

No [X]

8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes []

No [X]

8.4

If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

| | | | | | |
|----------------|------------------------|-----|-----|------|-----|
| 1 | 2 | 3 | 4 | 5 | 6 |
| Affiliate Name | Location (City, State) | FRB | OCC | FDIC | SEC |
| | | | | | |

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Ernst & Young 725 S. Figueroa St. Los Angeles, CA 90017-5418

10.1

Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes []

No [X]

10.2

If the response to 10.1 is yes, provide information related to this exemption:

10.3

Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?

Yes []

No [X]

10.4

If the response to 10.3 is yes, provide information related to this exemption:

10.5

Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes []

No [X]

N/A []

10.6

If the answer to 10.5 is no or n/a, please explain.

The Company is a direct wholly owned subsidiary of a SOX compliant entity, Molina Healthcare, Inc.

11.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Brian Goebel, FSA, MAAA, 200 Oceangate, Suite 100, Long Beach, CA 90802. Employee of the reporting entity.

GENERAL INTERROGATORIES

12.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [] No [X]

12.11

Name of real estate holding company

N/A

12.12

Number of parcels involved

12.13

Total book/adjusted carrying value

12.2

If yes, provide explanation.

N/A

13.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No []

13.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No []

13.4

If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] N/A []

14.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes [X] No []

a.

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b.

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c.

Compliance with applicable governmental laws, rules and regulations;

d.

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e.

Accountability for adherence to the code.

14.11

If the response to 14.1 is no, please explain:

14.2

Has the code of ethics for senior managers been amended?

Yes [] No [X]

14.21

If the response to 14.2 is yes, provide information related to amendment(s).

14.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [] No [X]

14.31

If the response to 14.3 is yes, provide the nature of any waiver(s).

15.1

Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?

Yes [] No [X]

15.2

If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

| | | | |
|---|---------------------------------|---|--------|
| 1 | 2 | 3 | 4 |
| American Bankers Association (ABA) Routing Number | Issuing or Confirming Bank Name | Circumstances That Can Trigger the Letter of Credit | Amount |
| | | | |

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

16.

Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes [X] No []

17.

Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes [X] No []

18.

Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes [X] No []

PART 1 - COMMON INTERROGATORIES - FINANCIAL

19.

Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes [] No [X]

20.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11

To directors or other officers

\$.....0

20.12

To stockholders not officers

\$.....0

20.13

Trustees, supreme or grand (Fraternal only)

\$.....0

20.2

Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21

To directors or other officers

\$.....0

20.22

To stockholders not officers

\$.....0

20.23

Trustees, supreme or grand (Fraternal only)

\$.....0

21.1

Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes [] No [X]

21.2

If yes, state the amount thereof at December 31 of the current year:

21.21

Rented from others

21.22

Borrowed from others

21.23

Leased from others

21.24

Other

22.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes [] No [X]

22.2

If answer is yes:

22.21

Amount paid as losses or risk adjustment

22.22

Amount paid as expenses

22.23

Other amounts paid

23.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [] No [X]

23.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount.

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.01

Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)?

Yes [] No [X]

24.02

If no, give full and complete information relating thereto.

Securities are held by custodian - Oppenheimer Trust Company

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes []No []N/A [X]

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.

24.06 If answer to 24.04 is no, report amount of collateral for other programs.

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes []No []N/A [X]

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes []No []N/A [X]

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes []No []N/A [X]

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

24.103 Total payable for securities lending reported on the liability page.

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03)

Yes [X]No []

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements

\$.....0

25.22 Subject to reverse repurchase agreements

\$.....0

25.23 Subject to dollar repurchase agreements

\$.....0

25.24 Subject to reverse dollar repurchase agreements

\$.....0

25.25 Pledged as collateral

\$.....0

25.26 Placed under option agreements

\$.....0

25.27 Letter stock or securities restricted as to sale

\$.....0

25.28 On deposit with state or other regulatory body

\$.....1,013,745

25.29 Other

\$.....0

25.3 For category (25.27) provide the following:

| 1 | 2 | 3 |
|-----------------------|-------------|--------|
| Nature of Restriction | Description | Amount |
| | | |

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes []No [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes []No []N/A [X]

If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes []No [X]

27.2 If yes, state the amount thereof at December 31 of the current year:

28. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [X]No []

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

| 1 | 2 |
|---------------------------|--|
| Name of Custodian(s) | Custodian's Address |
| Oppenheimer Trust Company | 18 Columbia Turnpike, Florham Park, NJ 07932 |
| US Bank | 60 Livingston Ave. St Paul, MN 55107 |

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

| 1 | 2 | 3 |
|---------|-------------|-------------------------|
| Name(s) | Location(s) | Complete Explanation(s) |
| | | |

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

Yes [X]No []

28.04 If yes, give full and complete information relating thereto:

| 1 | 2 | 3 | 4 |
|------------------|---|----------------|--|
| Old Custodian | New Custodian | Date of Change | Reason |
| Bank of America | US Bank Livingston Ave. St Paul, MN 55107 | 12/04/2012 | They gave notice of resignation as trustee |
| Fifth Third Bank | | 12/04/2012 | Incorrectly included in previous filings |

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

| 1 | 2 | 3 |
|---|-------------------|--|
| Central Registration Depository Number(s) | Name | Address |
| 249 | Oppenheimer & Co. | 500 W. Madison, Ste 400, Chicago, IL 60661 |
| 249 | Oppenheimer & Co. | 10880 Wilshire Blvd. Ste 2400, Los Angeles, CA |

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?

Yes []No [X]

29.2 If yes, complete the following schedule:

| 1 | 2 | 3 |
|----------------|---------------------|--------------------------|
| CUSIP # | Name of Mutual Fund | Book/Adj. Carrying Value |
| | | |
| 29.2999. TOTAL | | 0 |

29.3 For each mutual fund listed in the table above, complete the following schedule:

| 1 | 2 | 3 | 4 |
|--|--|--|-------------------|
| Name of Mutual Fund (from the above table) | Name of Significant Holding of the Mutual Fund | Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding | Date of Valuation |
| | | | |

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

| | 1 | 2 | 3 |
|----------------------------|----------------------------|-------------|---|
| | Statement (Admitted) Value | Fair Value | Excess of Statement over Fair Value (-), or Fair Value over Statement (+) |
| 30.1 Bonds..... | 160,673,161 | 160,693,772 | 20,611 |
| 30.2 Preferred stocks..... | | | 0 |
| 30.3 Totals..... | 160,673,161 | 160,693,772 | 20,611 |

PART 1 - COMMON INTERROGATORIES - INVESTMENT

30.4

Describe the sources or methods utilized in determining the fair values:
Fair values are provided by third party vendor, Clearwater Analytics, who uses unit prices published by the Securities Valuation Office of the NAIC (SVO) when available. For securities not priced by the SVO Clearwater Analytics receives pricing from a variety of industry standard data providers, security master files from large financial institutions and other third party sources. These multiple prices are inputs into a distribution-curve-based algorithm to determine daily market values.

31.1

Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes [☐]

No [☒]

31.2

If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes [☐]

No [☐]

31.3

If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D.

32.1

Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes [☒]

No [☐]

32.2

If no, list exceptions:

PART 1 - COMMON INTERROGATORIES - OTHER

33.1

Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?

\$.....79,500

33.2

List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

| 1 Name | 2 Amount Paid |
|--------------------------------------|------------------|
| Michigan Association of Health Plans | 79,500 |

34.1

Amount of payments for legal expenses, if any?

\$.....0

34.2

List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

| 1 Name | 2 Amount Paid |
|-----------|------------------|
| | |

35.1

Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?

\$.....0

35.2

List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

| 1 Name | 2 Amount Paid |
|-----------|------------------|
| | |

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [☐]

No [☒ X]

1.2

If yes, indicate premium earned on U.S. business only

.....

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

.....

1.31

Reason for excluding

.....

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

.....

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

.....

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

.....

1.62

Total incurred claims

.....

1.63

Number of covered lives

.....

All years prior to most current three years:

1.64

Total premium earned

.....

1.65

Total incurred claims

.....

1.66

Number of covered lives

.....

1.7

Group policies:

Most current three years:

1.71

Total premium earned

.....

1.72

Total incurred claims

.....

1.73

Number of covered lives

.....

All years prior to most current three years:

1.74

Total premium earned

.....

1.75

Total incurred claims

.....

1.76

Number of covered lives

.....

| | | |
|-----|------------------------------|------------------|
| | 1 | 2 |
| | Current Year | Prior Year |
| 2.1 | Premium Numerator..... |841,177,957 |
| 2.2 | Premium Denominator..... |841,177,957 |
| 2.3 | Premium Ratio (2.1/2.2)..... |100.0 |
| 2.4 | Reserve Numerator..... |86,979,078 |
| 2.5 | Reserve Denominator..... |86,979,078 |
| 2.6 | Reserve Ratio (2.4/2.5)..... |100.0 |

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, and if the earnings of the reporting entity permits?

Yes [☐]

No [☒ X]

3.2

If yes, give particulars:

.....

.....

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [☒ X]

No [☐]

4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [☐]

No [☒ X]

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [☒ X]

No [☐]

5.2

If no, explain:

.....

5.3

Maximum retained risk (see instructions):

5.31

Comprehensive medical

\$.....1,200,000

5.32

Medical only

\$.....0

5.33

Medicare supplement

\$.....0

5.34

Dental and vision

\$.....0

5.35

Other limited benefit plan

\$.....0

5.36

Other

\$.....0

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

Federal regulation prohibits the balance billing of Medicaid members by providers. Such members constitute the vast majority of our enrollment. In addition, in the event of the Company's threatened insolvency, the state Medicaid agency would promptly transfer our subscribers to other carriers.

.....

.....

7.1

Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [☒ X]

No [☐]

7.2

If no, give details:

.....

.....

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

.....11,608

8.2

Number of providers at end of reporting year

.....13,185

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [☐]

No [☒ X]

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees between 15-36 months

.....

9.22

Business with rate guarantees over 36 months

.....

10.1

Does the reporting entity have Incentive Pool, Withhold or Bonus arrangements in its provider contracts?

Yes [☒ X]

No [☐]

10.2

If yes:

10.21

Maximum amount payable bonuses

\$.....6,086,000

10.22

Amount actually paid for year bonuses

\$.....4,524,605

10.23

Maximum amount payable withholds

\$.....0

10.24

Amount actually paid for year withholds

\$.....0

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

- 11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model, Yes [] No [X]

11.13 An Individual Practice Association (IPA), or Yes [] No [X]

11.14 A Mixed Model (combination of above)? Yes [] No [X]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes [X] No []

11.3 If yes, show the name of the state requiring such net worth. Michigan

11.4 If yes, show the amount required. \$.....50,763,184

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [] No [X]

11.6 If the amount is calculated, show the calculation:

RBC 200% Authorized Control Level
12. List service areas in which reporting entity is licensed to operate:
- | |
|---|
| 1 |
| Name of Service Area |
| Alcona, Allegan, Alpena, Antrim, Arenac, Bay, Benzie, |
| Berrien, Clare, Crawford, Genesee, Gladwin, |
| Grand Traverse, Gratiot, Huron, Ingham, Ionia, Iosco, |
| Isabella, Kalkaska, Kent, Lake, Lapeer, Macomb, |
| Manistee, Mason, Mecosta, Midland, Missaukee, Monroe, |
| Montcalm, Montmorency, Muskegon, Newaygo, Oakland, |
| Oceana, Ogemaw, Osceola, Oscoda, Otsego, Ottawa, |
| Presque Isle, Roscommon, Saginaw, Sanilac, |
| Washtenaw, Wayne, Wexford |
- 13.1 Do you act as a custodian for health savings account? Yes [] No [X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date.

13.3 Do you act as an administrator for health savings accounts? Yes [] No [X]

13.4 If yes, please provide the balance of the funds administered as of the reporting date.
- 27.1

FIVE-YEAR HISTORICAL DATA

| | 1 2012 | 2 2011 | 3 2010 | 4 2009 | 5 2008 |
|--|-------------|-------------|-------------|-------------|-------------|
| Balance Sheet Items (Pages 2 and 3) | | | | | |
| 1. Total admitted assets (Page 2, Line 28)..... | 174,431,437 | 164,590,356 | 151,859,948 | 145,623,982 | 149,684,356 |
| 2. Total liabilities (Page 3, Line 24)..... | 93,891,014 | 86,751,811 | 88,343,406 | 76,354,882 | 71,472,839 |
| 3. Statutory surplus..... | 50,763,184 | 47,008,994 | 45,670,486 | 39,890,512 | 34,732,640 |
| 4. Total capital and surplus (Page 3, Line 33)..... | 80,540,423 | 77,838,545 | 63,516,542 | 69,269,100 | 78,211,517 |
| Income Statement Items (Page 4) | | | | | |
| 5. Total revenues (Line 8)..... | 841,177,957 | 844,349,216 | 806,365,616 | 718,689,242 | 614,408,981 |
| 6. Total medical and hospital expenses (Line 18)..... | 730,465,674 | 694,856,687 | 680,211,930 | 603,883,813 | 525,663,681 |
| 7. Claims adjustment expenses (Line 20)..... | 22,358,285 | 21,010,572 | 19,727,174 | 18,501,079 | 17,876,622 |
| 8. Total administrative expenses (Line 21)..... | 73,378,611 | 105,381,918 | 101,001,031 | 82,012,625 | 49,406,222 |
| 9. Net underwriting gain (loss) (Line 24)..... | 14,649,874 | 23,100,039 | 5,425,481 | 14,291,725 | 21,462,456 |
| 10. Net investment gain (loss) (Line 27)..... | 852,824 | 1,179,943 | 1,610,974 | 1,741,795 | 3,966,336 |
| 11. Total other income (Lines 28 plus 29)..... | | | | | |
| 12. Net income or (loss) (Line 32)..... | 9,375,405 | 15,054,263 | 3,663,902 | 9,978,482 | 16,531,021 |
| Cash Flow (Page 6) | | | | | |
| 13. Net cash from operations (Line 11)..... | 13,071,413 | 1,182,320 | 15,341,499 | 16,347,945 | 9,512,023 |
| Risk-Based Capital Analysis | | | | | |
| 14. Total adjusted capital..... | 80,540,423 | 77,838,545 | 63,516,542 | 69,269,100 | 78,211,517 |
| 15. Authorized control level risk-based capital..... | 25,381,852 | 23,506,340 | 22,835,243 | 19,945,256 | 17,366,320 |
| Enrollment (Exhibit 1) | | | | | |
| 16. Total members at end of period (Column 5, Line 7)..... | 220,377 | 222,321 | 226,703 | 222,905 | 206,339 |
| 17. Total member months (Column 6, Line 7)..... | 2,639,337 | 2,660,132 | 2,708,441 | 2,522,898 | 2,525,384 |
| Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3, and 5) x 100 .0 | | | | | |
| 18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 19. Total hospital and medical plus other non-health (Line 18 plus Line 19) | 86.8 | 82.3 | 84.4 | 82.9 | 81.0 |
| 20. Cost containment expenses..... | 2.4 | 2.1 | 2.1 | 2.0 | 0.7 |
| 21. Other claims adjustment expenses..... | 0.3 | 0.4 | 0.4 | 0.6 | 0.7 |
| 22. Total underwriting deductions (Line 23)..... | 98.3 | 97.3 | 99.3 | 96.7 | 91.4 |
| 23. Total underwriting gain (loss) (Line 24)..... | 1.7 | 2.7 | 0.7 | 2.0 | 3.3 |
| Unpaid Claims Analysis (U&I Exhibit, Part 2B) | | | | | |
| 24. Total claims incurred for prior years (Line 13 Col. 5)..... | 74,047,646 | 76,920,966 | 69,249,963 | 48,102,580 | 55,769,864 |
| 25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)] | 78,023,866 | 81,425,973 | 66,406,960 | 53,254,417 | 67,499,243 |
| Investments in Parent, Subsidiaries and Affiliates | | | | | |
| 26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)..... | | | | | |
| 27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1)..... | | | | | |
| 28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1)..... | | | | | |
| 29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10)..... | | | | | |
| 30. Affiliated mortgage loans on real estate..... | | | | | |
| 31. All other affiliated..... | | | | | |
| 32. Total of above Lines 26 to 31..... | 0 | 0 | 0 | 0 | 0 |
| 33. Total investment in parent included in Lines 26 to 31 above..... | | | | | |

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [] No []

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

| | | 1 | Direct Business Only | | | | | | | |
|-------------|--|---------------|----------------------------|----------------------|--------------------|--|--|-----------------------------|---------------------------|------------------------|
| | | | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| State, Etc. | | Active Status | Accident & Health Premiums | Medicare Title XVIII | Medicaid Title XIX | Federal Employees Health Benefits Program Premiums | Life & Annuity Premiums and Other Considerations | Property/ Casualty Premiums | Total Columns 2 Through 7 | Deposit-Type Contracts |
| 1. | Alabama..... | AL...N..... | | | | | | | 0 | |
| 2. | Alaska..... | AK...N..... | | | | | | | 0 | |
| 3. | Arizona..... | AZ...N..... | | | | | | | 0 | |
| 4. | Arkansas..... | AR...N..... | | | | | | | 0 | |
| 5. | California..... | CA...N..... | | | | | | | 0 | |
| 6. | Colorado..... | CO...N..... | | | | | | | 0 | |
| 7. | Connecticut..... | CT...N..... | | | | | | | 0 | |
| 8. | Delaware..... | DE...N..... | | | | | | | 0 | |
| 9. | District of Columbia..... | DC...N..... | | | | | | | 0 | |
| 10. | Florida..... | FL...N..... | | | | | | | 0 | |
| 11. | Georgia..... | GA...N..... | | | | | | | 0 | |
| 12. | Hawaii..... | HI...N..... | | | | | | | 0 | |
| 13. | Idaho..... | ID...N..... | | | | | | | 0 | |
| 14. | Illinois..... | IL...N..... | | | | | | | 0 | |
| 15. | Indiana..... | IN...N..... | | | | | | | 0 | |
| 16. | Iowa..... | IA...N..... | | | | | | | 0 | |
| 17. | Kansas..... | KS...N..... | | | | | | | 0 | |
| 18. | Kentucky..... | KY...N..... | | | | | | | 0 | |
| 19. | Louisiana..... | LA...N..... | | | | | | | 0 | |
| 20. | Maine..... | ME...N..... | | | | | | | 0 | |
| 21. | Maryland..... | MD...N..... | | | | | | | 0 | |
| 22. | Massachusetts..... | MA...N..... | | | | | | | 0 | |
| 23. | Michigan..... | MI...L..... | 1,155,700 | 144,781,364 | 695,482,783 | | | | 841,419,847 | |
| 24. | Minnesota..... | MN...N..... | | | | | | | 0 | |
| 25. | Mississippi..... | MS...N..... | | | | | | | 0 | |
| 26. | Missouri..... | MO...N..... | | | | | | | 0 | |
| 27. | Montana..... | MT...N..... | | | | | | | 0 | |
| 28. | Nebraska..... | NE...N..... | | | | | | | 0 | |
| 29. | Nevada..... | NV...N..... | | | | | | | 0 | |
| 30. | New Hampshire..... | NH...N..... | | | | | | | 0 | |
| 31. | New Jersey..... | NJ...N..... | | | | | | | 0 | |
| 32. | New Mexico..... | NM...N..... | | | | | | | 0 | |
| 33. | New York..... | NY...N..... | | | | | | | 0 | |
| 34. | North Carolina..... | NC...N..... | | | | | | | 0 | |
| 35. | North Dakota..... | ND...N..... | | | | | | | 0 | |
| 36. | Ohio..... | OH...N..... | | | | | | | 0 | |
| 37. | Oklahoma..... | OK...N..... | | | | | | | 0 | |
| 38. | Oregon..... | OR...N..... | | | | | | | 0 | |
| 39. | Pennsylvania..... | PA...N..... | | | | | | | 0 | |
| 40. | Rhode Island..... | RI...N..... | | | | | | | 0 | |
| 41. | South Carolina..... | SC...N..... | | | | | | | 0 | |
| 42. | South Dakota..... | SD...N..... | | | | | | | 0 | |
| 43. | Tennessee..... | TN...N..... | | | | | | | 0 | |
| 44. | Texas..... | TX...N..... | | | | | | | 0 | |
| 45. | Utah..... | UT...N..... | | | | | | | 0 | |
| 46. | Vermont..... | VT...N..... | | | | | | | 0 | |
| 47. | Virginia..... | VA...N..... | | | | | | | 0 | |
| 48. | Washington..... | WA...N..... | | | | | | | 0 | |
| 49. | West Virginia..... | WV...N..... | | | | | | | 0 | |
| 50. | Wisconsin..... | WI...N..... | | | | | | | 0 | |
| 51. | Wyoming..... | WY...N..... | | | | | | | 0 | |
| 52. | American Samoa..... | AS...N..... | | | | | | | 0 | |
| 53. | Guam..... | GU...N..... | | | | | | | 0 | |
| 54. | Puerto Rico..... | PR...N..... | | | | | | | 0 | |
| 55. | U.S. Virgin Islands..... | VI...N..... | | | | | | | 0 | |
| 56. | Northern Mariana Islands..... | MP...N..... | | | | | | | 0 | |
| 57. | Canada..... | CAN...N..... | | | | | | | 0 | |
| 58. | Aggregate Other alien..... | OT...XXX..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 59. | Subtotal..... | XXX..... | 1,155,700 | 144,781,364 | 695,482,783 | 0 | 0 | 0 | 841,419,847 | 0 |
| 60. | Reporting entity contributions for Employee Benefit Plans..... | XXX..... | | | | | | | 0 | |
| 61. | Total (Direct Business)..... | (a).....1 | 1,155,700 | 144,781,364 | 695,482,783 | 0 | 0 | 0 | 841,419,847 | 0 |

DETAILS OF WRITE-INS

| | | | | | | | | |
|--|---|---|---|---|---|---|---|---|
| 58001. | | | | | | | 0 | |
| 58002. | | | | | | | 0 | |
| 58003. | | | | | | | 0 | |
| 58998. Summary of remaining write-ins for line 58..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 58999. Total (Lines 58001 thru 58003 + 58998)..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer; (E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, premiums by state, etc.
All premiums written within the state of Michigan.

(a) Insert the number of L responses except for Canada and Other Alien.

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART

40

| | | | |
|---------|----|------------|---|
| 01531 | DE | 13-4204626 | Molina Healthcare, Inc. |
| \|-00000 | CA | 33-0342719 | Molina Healthcare of California |
| \|-52630 | MI | 38-3341599 | Molina Healthcare of Michigan, Inc. |
| \|-95502 | UT | 33-0617992 | Molina Healthcare of Utah, Inc. |
| \|-96270 | WA | 91-1284790 | Molina Healthcare of Washington, Inc. |
| \|-95739 | NM | 85-0408506 | Molina Healthcare of New Mexico, Inc. |
| I-00000 | NM | 37-1661581 | Molina Healthcare of New Mexico Medical Clinics, Inc. |
| \|-10757 | TX | 20-1494502 | Molina Healthcare of Texas, Inc. |
| \|-13778 | TX | 27-0522725 | Molina Healthcare of Texas Insurance Company |
| \|-12334 | OH | 20-0750134 | Molina Healthcare of Ohio, Inc. |
| \|-00000 | CA | 20-2714545 | Molina Healthcare of California Partner Plan, Inc. |
| \|-95609 | MO | 43-1743902 | Alliance for Community Health, LLC |
| \|-13128 | FL | 26-0155137 | Molina Healthcare of Florida, Inc. |
| \|-00000 | VA | 26-1769086 | Molina Healthcare of Virginia, Inc. |
| \|-00000 | CA | 27-1510177 | Molina Information Systems, LLC (dba Molina Medicaid Solutions) |
| \|-12007 | WI | 20-0813104 | Molina Healthcare of Wisconsin, Inc. |
| \|-14104 | IL | 27-1823188 | Molina Healthcare of Illinois, Inc. |
| \|-00000 | DE | 45-2854547 | Molina Pathways, LLC |
| \|-00000 | DE | 27-4034065 | Molina Center LLC |
| \|-00000 | NM | 45-2634351 | Molina Healthcare Data Center, Inc. |
| \|-00000 | CA | 37-1652282 | American Family Care, Inc. |
| I-00000 | AZ | 26-1938644 | Molina Healthcare of Arizona, Inc. |
| I-00000 | GA | 80-0800257 | Molina Healthcare of Georgia, Inc |
| I-00000 | MO | 26-3342852 | Molina Healthcare of Missouri, Inc. |
| I-00000 | MS | 26-4390042 | Molina Healthcare of Mississippi, Inc. |
| I-00000 | CA | 27-0941584 | Molina Healthcare Services |
| I-14398 | DC | 45-4750271 | Molina Healthcare of the District of Columbia, Inc. |
| I-00000 | MD | 46-0598968 | Molina Healthcare of Maryland, Inc. |

2012 ALPHABETICAL INDEX
HEALTH ANNUAL STATEMENT BLANK

| | | | |
|--|------|--|------|
| Analysis of Operations By Lines of Business | 7 | Schedule D – Part 6 – Section 2 | E16 |
| Assets | 2 | Schedule D – Summary By Country | SI04 |
| Cash Flow | 6 | Schedule D – Verification Between Years | SI03 |
| Exhibit 1 – Enrollment By Product Type for Health Business Only | 17 | Schedule DA – Part 1 | E17 |
| Exhibit 2 – Accident and Health Premiums Due and Unpaid | 18 | Schedule DA – Verification Between Years | SI10 |
| Exhibit 3 – Health Care Receivables | 19 | Schedule DB – Part A – Section 1 | E18 |
| Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus | 20 | Schedule DB – Part A – Section 2 | E19 |
| Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates | 21 | Schedule DB – Part A – Verification Between Years | SI11 |
| Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates | 22 | Schedule DB – Part B – Section 1 | E20 |
| Exhibit 7 – Part 1 – Summary of Transactions With Providers | 23 | Schedule DB – Part B – Section 2 | E21 |
| Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries | 23 | Schedule DB – Part B – Verification Between Years | SI11 |
| Exhibit 8 – Furniture, Equipment and Supplies Owned | 24 | Schedule DB – Part C – Section 1 | SI12 |
| Exhibit of Capital Gains (Losses) | 15 | Schedule DB – Part C – Section 2 | SI13 |
| Exhibit of Net Investment Income | 15 | Schedule DB – Part D | E22 |
| Exhibit of Nonadmitted Assets | 16 | Schedule DB – Verification | SI14 |
| Exhibit of Premiums, Enrollment and Utilization (State Page) | 29 | Schedule DL – Part 1 | E23 |
| Five-Year Historical Data | 28 | Schedule DL – Part 2 | E24 |
| General Interrogatories | 26 | Schedule E – Part 1 – Cash | E25 |
| Jurat Page | 1 | Schedule E – Part 2 – Cash Equivalents | E26 |
| Liabilities, Capital and Surplus | 3 | Schedule E – Part 3 – Special Deposits | E27 |
| Notes To Financial Statements | 25 | Schedule E – Verification Between Years | SI15 |
| Overflow Page For Write-ins | 44 | Schedule S – Part 1 – Section 2 | 30 |
| Schedule A – Part 1 | E01 | Schedule S – Part 2 | 31 |
| Schedule A – Part 2 | E02 | Schedule S – Part 3 – Section 2 | 32 |
| Schedule A – Part 3 | E03 | Schedule S – Part 4 | 33 |
| Schedule A – Verification Between Years | SI02 | Schedule S – Part 5 | 34 |
| Schedule B – Part 1 | E04 | Schedule S – Part 6 | 36 |
| Schedule B – Part 2 | E05 | Schedule S – Part 7 | 37 |
| Schedule B – Part 3 | E06 | Schedule T – Part 2 – Interstate Compact | 38 |
| Schedule B – Verification Between Years | SI02 | Schedule T – Premiums and Other Considerations | 39 |
| Schedule BA – Part 1 | E07 | Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group | 40 |
| Schedule BA – Part 2 | E08 | Schedule Y – Part 1A – Detail of Insurance Holding Company System | 41 |
| Schedule BA – Part 3 | E09 | Schedule Y – Part 2 – Summary of Insurer’s Transactions With Any Affiliates | 42 |
| Schedule BA – Verification Between Years | SI03 | Statement of Revenue and Expenses | 4 |
| Schedule D – Part 1 | E10 | Summary Investment Schedule | SI01 |
| Schedule D – Part 1A – Section 1 | SI05 | Supplemental Exhibits and Schedules Interrogatories | 43 |
| Schedule D – Part 1A – Section 2 | SI08 | Underwriting and Investment Exhibit – Part 1 | 8 |
| Schedule D – Part 2 – Section 1 | E11 | Underwriting and Investment Exhibit – Part 2 | 9 |
| Schedule D – Part 2 – Section 2 | E12 | Underwriting and Investment Exhibit – Part 2A | 10 |
| Schedule D – Part 3 | E13 | Underwriting and Investment Exhibit – Part 2B | 11 |
| Schedule D – Part 4 | E14 | Underwriting and Investment Exhibit – Part 2C | 12 |
| Schedule D – Part 5 | E15 | Underwriting and Investment Exhibit – Part 2D | 13 |
| Schedule D – Part 6 – Section 1 | E16 | Underwriting and Investment Exhibit – Part 3 | 14 |